

ADDENDUM TO BROKER AGREEMENT

This Addendum to Broker Agreement (“Addendum”) is entered into by and between Pacific Union Financial, LLC (“Lender”), and _____, (“Broker”) (hereinafter collectively referred to as the “Parties”) dated this _____ day of _____, 20_____. Any capitalized terms used but not otherwise defined herein shall have the meaning assigned to such term herein.

RECITALS

- A. WHEREAS, Lender and Broker entered into that certain Broker Agreement (“Agreement”) dated as of _____.
- B. WHEREAS, Broker may, from time-to-time and at its option, submit completed application packages for residential mortgage loans to Lender for underwriting review, and possible funding.
- C. WHEREAS, Lender may, from time to time, pay compensation to Broker for loans that are submitted by Broker and subsequently approved and funded by Lender.
- D. WHEREAS, the Parties acknowledge that the Federal Reserve Board has amended Regulation Z (12 CFR Part 226) (“Amendment”) relating to Loan Originator Compensation and Anti-Steering, and compliance with these rules is mandatory and apply to transactions for which Lender receives a loan application on or after April 1, 2011.
- E. WHEREAS, the Parties further acknowledge that the Amendment referenced in Section D above requires that all Lender paid compensation to Broker, or any other loan originator, must be pursuant to a predetermined and fixed written compensation agreement between the Parties and cannot be based on the interest rate, product, or any other term or condition of a particular loan.
- F. WHEREAS, the Parties are hereby amending and supplementing the Agreement between the Parties to meet the requisite compliance standards mandated by said Amendment.

NOW, THEREFORE, in consideration of the RECITALS set forth above and subject to the mutual promises and covenants set forth below, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

- 1. **Effective Date.** The Effective Date of this Addendum shall be for all loan applications submitted to Lender on or after _____. In the event that Broker is currently approved with an Affiliate of Lender, as defined in 12 CFR Part 226, the Compensation Amount and Effective Date of this Addendum shall be the same as prescribed in the affiliate Addendum.
- 2. **Lender Paid Compensation.** For any loan submitted to Lender that Broker requests to be paid by Lender, Broker shall not be compensated, directly or indirectly, based upon the mortgage transactions terms or conditions, except the amount of credit extended.

3. Compensation Amount. In accordance with Regulation Z and Section 2 above, for any Lender Paid loan transaction submitted to Lender that is approved and funded, Broker shall be paid _____ percent multiplied by Total Funded Loan Amount (“LPC”).

(Optional Terms)

Flat Fee: In addition to the LPC amount above, Broker shall be paid a flat fee of \$_____, for each funded loan, which amount shall be aggregated with the LPC amount above and subject to the Minimum and Maximum compensations amounts below, if elected.

Minimum Compensation Amount: Notwithstanding the LPC amount above, Broker shall be paid a minimum amount of \$_____ for each Lender Paid loan transaction that is funded.

Maximum Compensation Amount: Notwithstanding the LPC amount above, Broker shall be paid a maximum amount of \$_____ for each Lender Paid loan transaction that is funded.

Notwithstanding the above, Lender shall reserve the right to limit the compensation to Broker to meet compliance with state, Federal or investor rules, regulations and guidelines.

4. Change to Lender Paid Compensation. The Lender Paid Compensation amount as stated in Section 3 above shall be effective for all loans submitted on or after the Effective Date as stated above, and shall continue for such time as the Agreement remains in full force and effect. The Compensation Amount as stated in Section 3 above may be amended by a subsequent written addendum after expiration of not less than sixty (60) days from the Effective Date. Any Broker becoming approved with Lender for the first time, which has not been previously approved with an affiliate of Lender, may elect to amend this Addendum one time within the first thirty (30) days from the Effective Date.
5. No Third Party Compensation. In the event that Broker elects to be compensated by the Lender in a specific loan transaction, Broker hereby understands and agrees that Broker, or any agent of Broker, may NOT be compensated in any manner by the borrower, or a third party, outside of the loan transaction. This provision shall not prohibit a Broker from being compensated from a third party for another unrelated loan transaction.
6. Compliance with Regulation Z. Broker hereby acknowledges that they have reviewed the amendments to Regulation Z (12 CFR Part 226), and fully understand the compliance requirements contained therein. This Addendum is not intended to, and shall not be construed as a comprehensive list of all regulatory and compliance requirements mandated by the Amendment and shall only be used to govern compliance to the extent required between the Parties.

Broker further understand and agrees that Broker will be required to evidence compliance with Anti-Steering – Safe Harbor guidelines by providing a copy of their Anti-Steering, Loan Option Disclosure signed and dated by the borrowers with every loan package submitted to Lender for which Broker seeks to be compensated by Lender.

7. Continuing Obligations. Notwithstanding anything to the contrary herein, any and all obligations of Broker that have or may arise under the Broker Agreement, with respect to loans previously funded by Lender, shall continue to remain in full force and effect.
8. Continuing Effect. This Addendum shall not affect Brokers obligations with respect to any loans that Lender funds or has funded from Broker prior to the execution of this Addendum.

9. Entire Agreement. Except as expressly provided otherwise, this Addendum shall constitute the entire agreement between the parties relating to the subject matter hereof and there are no other agreements, representations, warranties or conditions other than those contained herein. Except as specifically set forth herein, the Broker Agreement shall continue to apply with full force and effect. To the extent that there is any conflict between the terms of the Broker Agreement and this Addendum, this Addendum shall control unless this Addendum provides otherwise.

10. Attorney's Fees. If either party brings suit or other proceedings against the other as a result of any alleged breach or failure by the other party to fulfill or perform any covenants or obligations under this Addendum, then the prevailing party shall be entitled to reasonable attorney's fees.

11. Choice of Law. This Agreement shall be governed by, construed and enforced in accordance with the laws of the state of California. This Agreement shall be enforced or otherwise adjudicated only in the Superior Court, County of Orange, state of California.

12. Execution in Counterparts. This Agreement may be executed in any number of counterparts. Each counterpart shall be deemed to be an original and all such counterparts shall constitute one and the same.

13. Assignment. Broker may not assign this Addendum or any of the obligations or duties hereunder without the prior written consent of Lender.

IN WITNESS WHEREOF, the parties hereto have entered into this Addendum as of the day and year first written above.

LENDER

Date: _____

Evan Stone, President
Pacific Union Financial, LLC

BROKER

Date: _____

Signature

By _____

Title _____