



Loan Originator (LO) Compensation

I. Introduction

The LO Comp Rule does several things:

- **It addresses how compensation is paid to a loan originator in most closed-end mortgage transactions;**
- **It imposes qualification and identification requirements on loan originators;**
- **It prohibits certain terms in mortgage contracts; and,**
- **It requires written policies and procedures to monitor compliance with the rule.**

Overview of Presentation

- 1. Introduction**
- 2. Purpose, Coverage and Overview; “Loan Originator” and “Compensation” Defined**
- 3. Loan Originator Compensation Restrictions; Profits-Based Compensation Exceptions Loan Originator Compensation Practices and Restrictions; Profits-Based Compensation**
- 4. Other Compensation-Related Provisions; Record Retention and Required Policies and Procedures**
- 5. Effective Compliance Management for Loan Originator Compensation; Rule Resources and Concluding Remarks**

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