

# MORTGAGE BROKER FEE DISCLOSURE

You have applied to a mortgage broker for a mortgage loan. The mortgage broker will submit your application for a mortgage loan to a participating lender with which it from time to time contact upon such terms and conditions as you may request or a lender may require.

Participating lenders have asked that we furnish this form to you to clarify the role of mortgage brokers. This form supplements other disclosures or agreements required by law that you should receive from the mortgage broker concerning your loan application.

## **SECTION 1. Nature of relationships, In connections with this mortgage loan:**

- The mortgage broker may be acting as an independent contractor and not as your agent.
- The mortgage broker will enter into a separate independent contractor agreement with various lenders.
- While the mortgage broker seeks to assist you in meeting your financial needs, it does not distribute the products of all lender or investors in the market and cannot guarantee the lowest price or the best terms available in the market.

## **SECTION 2. The Mortgage Broker's Compensation, The lenders whose loan products are distributed by the mortgage broker generally provide their loan products to the mortgage broker at a wholesale rate.**

- The retail price a mortgage broker offers you -- your interest rate, local points and fees, including the mortgage broker's compensation.
- In some cases, either you or the lender may pay the mortgage broker all of its compensation.
- Alternatively, both you and the lender may pay the mortgage broker a portion of its compensation. For example, in some cases, if you rather pay a lower interest rate, you may pay higher up-front points and fees.
- Also, in some cases, if you would rather pay less up-front, you may wish to have some or all of the mortgage broker's fees paid directly by the lender, which will result in a higher interest rate and a higher monthly payments than you otherwise would be required to pay.
- You may work with the mortgage broker to select the method in which it receives its compensation depending on your financial needs, subject to the lender's program requirement and credit underwriting guidelines.
- The lender may also pay the mortgage broker based on (I) the value of the Mortgage Loan or the related servicing rights in the market place or (II) other services, goods or facilities performed or provided by the mortgage broker to the lender.
- Your Good Faith Estimate will contain an estimate of the amount of fees and charges that you pay in connection with your loan. Your HUD-1A Settlement Statement will disclose the final amounts. A document called Truth in Lending Disclosure Statement will show you the "Annual Percentage Rate" (APR) and other payments and information for the loan which you have applied for. The APR takes into account, not only the interest rate, but also the points, mortgage broker fees and certain other fees that you have to pay. Ask for the APR to help you shop for a loan that is best for you.

The estimated brokers fees for your transaction is \$ \_\_\_\_\_ or \_\_\_\_\_%. This does not include fees to other brokers or entities.

By signing below, applicant(s) acknowledge that you have read and understand this document. You also acknowledge that you have received a copy of this document. If you have any questions, please ask your mortgage broker.

Applicant(s)

\_\_\_\_\_

Name

\_\_\_\_\_

Date

\_\_\_\_\_

Address

\_\_\_\_\_

Name

\_\_\_\_\_

Address