

MORTGAGE BROKER FEE DISCLOSURE

This document discloses how a mortgage broker may receive compensation in connection to a real estate financing transaction. You have applied to a mortgage broker for a residential mortgage loan. The mortgage broker will submit your application for a residential mortgage loan to a participating lender with which it from time to time contracts upon such terms and conditions as you may request or a lender may require. The lenders have asked that this form be furnished 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 application.

SECTION 1: NATURE OF RELATIONSHIP – In connection with the mortgage loan:

- The mortgage broker has separate independent contractor agreements with various lenders.
- While the mortgage broker seeks to assist you in meeting your financial needs, he does not distribute the products of all lenders or investors available to the market and even though he can offer rates at wholesale values, he cannot guarantee the lowest prices or best terms available in the market.

SECTION 2: THE 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, total points and fees – will include the broker’s compensation.
- In some cases, the mortgage broker may be paid all of his compensation by either you (an origination fee) or by the lender (known as yield spread premium).
- Alternatively, the mortgage broker may be paid a portion of its compensation by both you and the lender. For example, if you would 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 of all of our fees paid directly by the lender, which will result in a higher interest rate and higher monthly loan payments that you would otherwise be required to pay.
- The mortgage broker may be paid by the lender based on (i) the value of the Mortgage Loan or related servicing rights in the market place or (ii) other services, goods or facilities performed or provided by the mortgage broker to the lender.

You may work with your mortgage broker to select the method in which he/she receives his/her compensation depending on your financial needs, and subject to the lender’s loan program requirements and credit underwriting guidelines. Please feel free to discuss all your options with your mortgage broker. Also, **please note** that all fees, charges, expenses, and other such compensation earned by a mortgage broker must be disclosed during the close of the transaction – meaning there are no hidden fees when working with a mortgage broker.

The amounts of all fees and charges that you pay in connection with your loan will be estimated on your Mortgage Loan Disclosure Statement/Good Faith Estimate which will be provided to you within three days of receiving your loan application. The final amounts will be disclosed on your HUD-1 or HUD-1A Settlement Statement after the transaction has funded and recorded. The amounts of fees and charges may vary from the estimated disclosures to the final settlement statement as many fees and charges are based on the date of which the transaction closes.

By signing below, applicant(s) acknowledge that you have read and understand this document. By your signature, you also acknowledge that you have received a copy of this document.

APPLICANT(S)

BROKER/LOAN OFFICER

Name

Date

Name

Date

Name

Date

Name

Date