

209 CMR 42.00: THE LICENSING OF MORTGAGE LENDERS AND MORTGAGE BROKERS

42.16 Loan Origination and Compensation Agreement

The Loan Origination and Compensation Agreement must be provided to the consumer at the time of application and must strictly conform to the following:

**LOAN ORIGINATION AND COMPENSATION AGREEMENT**

Mortgage Broker Name: \_\_\_\_\_

Massachusetts Mortgage Broker License Number: \_\_\_\_\_

You (the mortgage applicant) agree to enter into this Loan Origination and Compensation Agreement with \_\_\_\_\_ ("Mortgage Broker") as an independent contractor to apply for a residential mortgage loan from a participating lender with which the Mortgage Broker, from time to time, may contract upon such terms and conditions as you may request or a lender may require.

**SECTION 1. NATURE OF RELATIONSHIP.** In connection with this mortgage loan:

- **The Mortgage Broker is acting as an independent contractor and not as your agent.**
- **The Mortgage Broker does not approve or fund loans and can not offer or guarantee an interest rate.**
- **The Mortgage Broker may enter into independent contractor agreements with various lenders.**
- **While the Mortgage Broker seeks to assist you in meeting your financial needs, the Mortgage Broker does not distribute the products of all lenders or investors in the market and cannot guarantee the lowest price or best terms available in the market. The lender underwrites, approves or denies your loan application, and sets the terms and conditions for your loan. The Mortgage Broker acts only to facilitate your mortgage loan application.**

**SECTION 2. OUR COMPENSATION.** The lenders whose loan products the Mortgage Broker distributes generally provide their loan products to the Mortgage Broker at a discounted interest rate.

- **Your interest rate, points and fees offered to you by the lender may include our compensation.**
- **In some cases, the Mortgage Broker's compensation may be paid by either you, or the lender, or some combination thereof. For example, in some cases, 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 money up-front, you may be able to pay some or all of our compensation indirectly through a higher interest rate in which case the Mortgage Broker will be paid directly by the lender.**
- **The Mortgage Broker may also be paid by the lender based on services, goods or facilities performed or provided by us to the lender.**

Based on the terms and conditions of your current loan application dated \_\_\_\_\_, the following fees will be paid by you directly to us for services provided:

Application Fee \$ \_\_\_\_\_ Origination Fee \$ \_\_\_\_\_

Other Broker Fee(s)  
\$ \_\_\_\_\_

Third Party Appraisal Fee  
\$ \_\_\_\_\_

Other Third Party Fees  
\$ \_\_\_\_\_

**By signing below, applicant(s) acknowledges receipt of a copy of this signed Agreement.**

MORTGAGE BROKER

APPLICANT(S)

By \_\_\_\_\_

Names(s) \_\_\_\_\_

Print Name \_\_\_\_\_

Address \_\_\_\_\_

Date: \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

REGULATORY AUTHORITY

209 CMR 42.00: M.G.L. c. 255E, § 2, St. 1991, c. 144, § 4.