

# ANNOUNCEMENT.....#09-18, June 22, 2009

To: All Michigan Mutual, Inc. Brokers

Re: Mortgage Broker Fee Agreement Form Requirement

In support of our commitment to promote responsible lending practices, Michigan Mutual, Inc. (MMI) encourages brokers to fully inform borrowers about their financing options and disclose all fees associated with the loan transaction. To assist in this effort, the **Mortgage Broker Fee Agreement** was developed.

Effective immediately with issuance of this announcement, a completed Mortgage Broker Fee Agreement will be a required document in the loan package. Use this form to fully disclose fees paid to the mortgage broker by the borrower and lender in connection with the loan (for example, yield spread premiums and/or points).

Although we encourage the use of our Mortgage Broker Fee Agreement form, Brokers may use other "Mortgage Broker Fee Agreement" forms, including State forms, provided all of the following five elements are included:

## **Requirements:**

1. All direct compensation to be paid by the borrower to the broker, whether shown as a total amount or as separate fees (e.g., application fees, broker points, etc.);
2. All indirect compensation to be paid by the lender to the broker (e.g. yield spread premium);
3. All direct, indirect and total compensation paid to the broker must be disclosed as a **specific dollar amount;**
4. The Mortgage Broker Fee Agreement is signed and dated by all borrowers at the time the initial loans application is taken; and
5. The Mortgage Broker Fee Agreement is signed and dated by the broker.

## **Additional Considerations**

- Broker Fee Agreements without specific fee amounts disclosed are not acceptable even if accompanied by a Good Faith Estimate (GFE).
- The Mortgage Broker Fee Agreement must be signed and dated at time of application and amended and executed in the event of a significant increase in broker compensation, whether direct or indirect. Amendments must be signed and dated by all parties prior to drawing loan documents.
- Completion of the Mortgage Broker Fee Agreement form does not relieve brokers of their responsibility to comply with State specific requirements or completion of any State required form.

The MMI website is updated with this announcement and form.

You can locate the form under resources / forms / compliance disclosures on our website.

Thank you for your business and continued support.

**Please contact your account executive should you have any questions.**