

and broker's real estate license numbers and NMLS unique identifier numbers. The following are the approved license disclosures: "Real Estate Broker, California Bureau of Real Estate" or "California Bureau of Real Estate, Real Estate Broker". ("California" may be abbreviated as "CA", "CAL", or "Calif", a dash may be used instead of the comma, and Department may be used instead of Bureau.) The type size of the license disclosure must be at least as large as the smallest size type in the advertisement.

3. Advertisements to prospective lenders or note purchasers must include the broker license identification number.
4. When an advertisement contains a representation of an interest rate, the annual percentage rate must be disclosed in equally prominent type and font.
5. When an advertisement contains a representation of a payment, all of the following must be included in equally prominent type and font: principal loan amount, interest rate, annual percentage rate, and term of the loan. When the loan is an adjustable rate loan, there must also be equally prominent disclosure of how long the initial interest rate is in effect, how often and how much the interest rate and/or payments can change, and, if there is the potential for negative amortization (deferred interest), a statement to that effect. If the loan contains a provision for a balloon payment, the amount of the balloon payment must be disclosed in equally prominent type and font. There are additional rules for advertising payments on adjustable rate, interest-only or payment-option loans.
6. When advertising a "low doc/no doc", "stated income", or similar loan product, there must be a statement that the product may have a higher interest rate, more points, or more fees than other products requiring documentation.
7. When an advertisement offers a gift, premium, or rebate prospective borrowers, there must be a disclosure of all of the conditions that must be met in order to receive the gift, premium, or rebate. These inducements may not be offered to a prospective lender or note purchaser.
8. When advertising the sale of a note to prospective note purchasers, no specific yield may be indicated or implied without disclosure of the note interest rate and the discount from the remaining principal balance at which it is being offered for sale.
9. Regulation 2848 requires the Department to take such action as is appropriate to prevent or halt the publication of advertising that is false, misleading, or deceptive in and of itself or through the omission of information that would prevent it from being false, misleading, or deceptive. In addition to the actual text, consideration is given to such factors as format, pictorial display, and emphasis in determining whether an advertisement is likely to create a false impression. Real estate licensees must ensure that their advertising complies with Regulation 2848.

Brokers may submit their proposed mortgage loan advertisements on a voluntary basis to the Department for review and approval. The submission must include a Mortgage Loan Advertising Submittal (RE 884) signed by the broker or, if a corporate broker, the designated officer, a fee of \$40.00, and the proposed advertisement in triplicate. The submission may be made in person or by mail.

Reference: Sections 10140.6, 10235, 10235.5, 10236.1, 10236.4, 10240.3; Regulations 2770.1, 2773, 2847.3, 2848

SECTION 5 – Fees

Does the broker fully disclose all fees, costs, and compensation?

Correct Procedure:

1. No costs and expenses of making a loan may be charged to a borrower that have not been paid, incurred, or reasonably earned by the broker. No fee may be charged as part of the costs and expenses of making a loan that exceeds the fee customarily charged for the same service or comparable service in the community where the service was rendered. If an escrow is conducted by a licensed escrow agent, title insurance company, bank or trust company, or a savings institution and a fee is charged to the borrower by the escrow depository for the service, no additional fee can be charged to the borrower by the broker, a salesperson licensed to the broker, or any entity controlled by the broker for services related to the escrow.
2. A broker must disclose to the prospective borrowers all anticipated compensation, including yield/spread premiums, rebates, and other compensation, being paid from all sources, including from the borrower and the lender.
3. A real estate licensee who acts as the agent for either party in a transaction for the sale, lease, or exchange of real property, a business opportunity, or a mobilehome and receives or anticipates receiving compensation for securing a