
THE ROLE OF THE MORTGAGE BROKER

The mortgage broker is usually an agent for the purpose of arranging the home loan transaction and generally is the fiduciary of the borrower. This relationship imposes a legal duty on the broker to disclose to you the important facts you need to know about the loan and it means the broker must act in your best financial interest. The broker has a duty of fairness and honesty to both you and the lender. These legal duties can be important in resolving disputes that may arise after the loan is made, but the best way to avoid problems and disputes is to ask questions and be sure you understand the terms of the loan and each of the loan documents before you sign.

When acting as an agent, the broker speaks for you in submitting your loan application to a lender. Make sure that you give the broker full and accurate information and that any loan application or other document the broker prepares for your signature is accurate and complete before you sign it. Never sign blank applications or forms. Make sure you understand the terms of the loan before you agree to it.

MORTGAGE BROKER COMMISSIONS AND LENDER FEES

Mortgage broker commissions and lender fees are not usually set by law. Mortgage brokers are paid either directly by you or by the lender who funds the loan. Generally, a mortgage broker cannot get paid by both the lender and you on your home loan. You may choose to pay the mortgage broker's commission with:

- Cash (out of pocket); or
- Proceeds from the loan (this will increase your loan balance); or
- A lender's rebate or service release premium. (See the definition of lender's rebate and service release premium in the "Definitions" section, starting on page 7.)

Compare fees charged by several lenders and mortgage brokers. You may be able to do this with a few phone calls. Ask about the amount of the fees and costs to be paid by you in cash before the loan is funded, the amount of the fees and costs to be paid from the loan proceeds or lender rebates, and the amount of fees and costs to be financed.