



## **Mortgage Brokers – Helping Keep our Economy Strong**

Millions of Americans purchased homes or refinanced their existing mortgage last year, helping this country maintain one of the highest homeownership rates in its history. The U.S. Census Bureau estimates that during the fourth quarter of 2006 more than 75 million Americans owned their own home.

Mortgage brokers continue to play a critical role in helping the American economy and in making the dream of homeownership a reality for more families. In 2005, there were 44,000 mortgage brokerage companies that employed an estimated 360,000 people. Today, mortgage brokers originate over 50% of all home loans – more than any other single loan source in the nation.

The National Association of Mortgage Brokers (“NAMBD”) represents more than 25,000 members in all 50 states and the District of Columbia, and works with 49 state affiliate associations nationwide.

### **Who are Mortgage Brokers?**

#### **Who we are:**

- We are typically independent small business men and women;
- Who own and operate small companies, usually employing less than 10 full-time staff members; and
- We are independent contractors serving as liaisons between borrowers and lenders.

#### **What we do:**

- We provide a critical link between consumers and the credit markets;
- We bring much needed capacity and competition to the mortgage market by offering a broad range of products to consumers;
  - The typical mortgage broker offers hundreds of mortgage products – with points, without points, with low down-payment and no down-payment options, and many more; and
- We reach an unparalleled number of borrowers by operating in big cities and small towns, in urban centers and sprawling suburbs, and in rural farming areas.

#### **How we do it:**

- Unlike bankers, who typically sell only their own mortgage products, a mortgage broker maintains relationships with numerous lenders, allowing the broker to offer borrowers literally hundreds of product options to choose from;
- The depth and breadth of products that brokers offer puts downward pressure on mortgage prices throughout the market, to the benefit all consumers; and
- As independent, small business owners who rely heavily on repeat and referral customers, mortgage brokers work hard to ensure borrower satisfaction and provide a high level of personalized service to their customers.

## **How we are compensated:**

- Mortgage brokers are typically compensated by the consumer through the payment of points or fees, or by the lender in the form of a yield spread premium, or through some combination of the two. We disclose all of our fees to the borrower, as required by existing federal law, and we are only paid on the loans we close, so we go the extra mile to make sure every customer is satisfied.

## **How we are regulated:**

- Mortgage brokers must comply with all applicable federal laws, including the Real Estate Settlement Procedures Act (“RESPA”), the Truth In Lending Act (“TILA”), the Fair Credit Reporting Act (“FCRA”), and the Equal Credit Opportunity Act (“ECOA”);
- Mortgage brokers are also regulated directly by state lending laws; and
- In 49 states and the District of Columbia, mortgage brokers must be licensed or registered, comply with mandatory education requirements, and submit to criminal background checks.