

DIVISION GUIDANCE ON BROKER COMPENSATION

We have had numerous inquiries concerning allowable mortgage broker fees and compensation. The following represents this Division's long standing interpretation of State Law and Federal Preemption as it relates to broker compensation:

Missouri usury law limits loan origination fees related to first and second mortgages. The statute related to first mortgages is Section 408.052, RSMo, and it limits loan origination fees to one percent. Section 408.052 is preempted under PL 96-221 (DIDMCA) for "qualified lenders." As a result, a qualified lender may charge any agreed origination fee to a borrower and in turn use those proceeds to compensate a mortgage broker in the amount agreed to between the lender and the broker. **A mortgage broker does not have the benefit of federal preemption status. If a mortgage broker is not exclusively compensated by the lender and takes any origination fee directly from a borrower, the broker's total loan origination fees from all sources may not exceed one percent.**