COMMISSIONER OF FINANCIAL REGULATION
ADVISORY NOTICE
REGULATORYALERT

February 16, 2018

FINDER'S FEES

The Commissioner has received questions from mortgage brokers regarding whether certain lender paid compensation is a finder's fee under Md. Code Ann., Com. Law §12-801(d). The purpose of this Advisory is to inform brokers that The Commissioner deems certain types of lender paid compensation to be a finder's fee.

Pursuant to Md. Code Ann., Com. Law §12-801(d), a finder's fee means any compensation or commission directly or indirectly imposed by a broker and paid by or on behalf of the borrower for the broker's services in procuring, arranging, or otherwise assisting a borrower in obtaining a loan or advance of money.

The following examples provide guidance to brokers to determine if the compensation they receive is a finder's fee:

- If a broker charges a fee to the borrower (directly imposes) for the broker's services that the borrower pays to the broker (paid by the borrower), the broker's compensation is a finder's fee.

- If a broker charges a fee to the borrower (directly imposes) for the broker's services that the lender pays to the broker from the proceeds of the loan (paid on behalf of the borrower), the broker's compensation is a finder's fee.

- If the broker charges a fee to the lender (indirectly imposes) that the lender pays to the broker from the present value of the future interest payments that the borrower will pay to the lender over the term of the loan (paid on behalf of the borrower), the broker's compensation is a finder's fee.

- If the broker charges a fee to the lender (indirectly imposes) that the lender pays and for which the borrower will never bear any expense (not paid on behalf of the borrower), the broker's compensation is not a finder's fee.

Questions regarding this Advisory should be sent to Christine Brooks, Director of Mortgage Lending Supervision: (410) 230-6074 or email christine.brooks@maryland.gov.