Traditionally, mortgage brokers acted as intermediaries between borrowers and lenders. They did not originate loans. Instead, mortgage brokers were merely middlemen bringing home purchasers or homeowners and lenders together. Homeowners often seek out brokers because they believe a broker will find the best loan available.\footnote{339} Mortgage brokers are sometimes considered “mortgage loan originators” under state or federal law.\footnote{340}

Over the years, the role of the mortgage broker has become much more complex. While some brokers continue in the traditional intermediary role, others have taken to originating loans with borrowed money. Called table funding or “correspondent lending,” such brokers close loans listing themselves as the nominal lender on the documents.\footnote{341} But the funding for the loans comes from a prearranged buyer of the loan, or from a “warehouse” line of credit extended by a bank, financial institution, or other entity. The entity extending credit to the correspondent lender immediately takes assignment of the loan after closing.\footnote{342} Most laws recognize the ultimate source of the funds as the true lender.\footnote{343}

The table-funded broker and/or the lender standing behind the broker will likely have a “funding worksheet” for each loan. This document shows when the lender approved the loan, an itemization of fees and disbursements per the closing disclosure or HUD-1 settlement statement, and other loan specific information. It may also reveal that the depositor in the eventual securitization\footnote{344} had already agreed to purchase the loan before it closed. If so, this document may make it difficult for the true lender and investors to pin all illegalities upon the broker or claim lack of knowledge.

Mortgage brokers generally receive “rate sheets” from the creditor describing how compensation to the broker will be determined, based on the loans originated. Before there were limits on compensation to brokers (as discussed in \S\ 1.4.4 \[1\], \textit{infra}), rate sheets would delineate how much more a broker would be paid if there were increases in the cost of the loan or other loan terms added, such as prepayment penalties.

**Footnotes**

339 [339] \textit{See} \S\ 7.2 \[2\], \textit{infra} (discussing mortgage brokers in greater detail).

340 [340] \textit{See} \S\ 1.4.4 \[1\], \textit{infra}.


343 [343] \textit{See} Regulation X, 12 C.F.R. \S\ 1024.2 (definitions of “table funding” and of “lender”); \S\ 7.2.2 \[3\], \textit{infra}.

344 [344] \textit{See} \S\ 1.5 \[4\], \textit{infra} (describing securitization).