

Proposed Consumer Disclosure Recommendations

Being brief and clear appears to be a common goal on this form. Based on the items requested to be included per legislation, we propose these statements for use in the specific areas. Regarding the YSP area, no other industry has to dissect their profit in such detail as seemed to be present in the proposals presented. Stating YSP as a source of revenue to the broker seems adequate. If all brokers disclose this, then the consumer can clearly see any difference. We do recognize that banks earn profit when selling to FNMA or others for the rate they close but do not have to even disclose this to consumers.

1. ARMs: The ARM is an area that seemed not so clear. Propose to include:

Start Rate

First Adjustment in _____ months. All following adjustment each _____

Maximum percent rate change per interval _____

Maximum percent change lifetime _____

Index: _____

Margin: _____

Index plus margin today = _____

2. Balloon

Balloon: loan interest rate remains the same for _____ years

At end of this term loan must be refinanced, paid off or initiate any built in modification

3. YSP

Your mortgage broker will receive a payment of \$ _____ from the lender/investor. This is called a yield spread premium (YSP). Ask for a comparison with no YSP.

4. Prepayment:

Your loan does : ____ your loan does not: ____ have a pre payment penalty. If yes, see additional documentation describing said prepayment penalty.

5. Taxes , insurance and mortgage insurance

Your payment includes 1/12 of the annual cost of: taxes ____ insurance ____ mortgage insurance ____

6. Reduced document loans

You have elected to take a loan which income or asset documentation was not required. If yes, your interest rate or closing costs may be higher. Ask for a comparison of a full documented loan.

Thank you for your consideration of our suggestions.

Sincerely,

Marge Bearman- Choice Lending Inc.