

From Jeffrey Lorsch

.July 24, 2008

Re: Proposed Draft No. 2 – Disclosure Rules
SHB 2770

Introduction

Thank you for continuing to request industry input. We appreciate the opportunity to work with you in making this a positive improvement for the borrower.

Comments –

1. Under item (1) Definitions, item (e) I recommend the following change –

The “fully indexed rate” is (1) the current value of the rate index used by a particular adjustable rate mortgage (“ARM”) *plus* (2) a margin applied to that ARM which may vary from one transaction to another but stays the same throughout the life of that particular ARM. The fully indexed rate ~~is typically the best prediction of the rate after the expiration of an introductory interest rate~~ demonstrates what the interest rate would adjust to today based upon today’s rate index.

2. Under (1) Definitions, item (f), I believe the words “or the income is stated by the borrower on the application” can be eliminated.
3. Under (1) Definitions, item (g) is vague with respect to refinances on primary and second homes.
4. Under (1) Definitions, item (h) I recommend the following definition replace that currently used in its entirety –

“Yield spread premium” is a payment made by a lender to a mortgage broker for fees and services not otherwise paid by the borrower.

5. Under item (6) which discusses redisclosure retrigger points, I encourage you to stay consistent with those disclosure/redisclosure requirements spelled out under WAC 208-660-430, specifically subparagraphs 12 and 19. Accordingly, the following subparagraphs would need to be revised –

(a), (b) and (c)

6. Under item (9), I recommend the following changes be made –

Do I have to provide borrowers with the disclosure summary if their loan application is cancelled, withdrawn, or denied within three days of being taken?

No. If the borrowers loan application is cancelled, withdrawn, or denied within three days of being taken, you do not have to provide the disclosure summary.

Thank you for allowing me to make my comments.

With best regards,

Jeffrey Lorsch
President and Designated Broker
Evergreen State Mortgage