

From Jeffrey Lorsch

Re: Preliminary Rulemaking Comments  
SHB 2770  
Disclosure Summary

Format:

- I. Comments presented June 2, 2008
- II. Additional comments after listening to other commentators

I. Comments presented June 2, 2008

- Presented by:
  - Jeffrey Lorsch, President and Designated Broker, Evergreen State Mortgage.
  - Licensed Mortgage Broker
  - Current member of state and national trade associations (WAMB, NAMB)
  - Commissioner on Washington State Mortgage Broker Commission
- Thank you for letting me speak today.
- Noted that many requirements of the loan summary (Basic Facts About Your Mortgage Loan) are required by the Bill, though the 'less is more' would be a better alternative
- Suggestions:
  - Remove applicants address; their name and subject property address should suffice

- Rearrange the order of items, listing the most important / significant items first, i.e.
  - Loan Amount
  - Interest Rate
  - Payment
  - Type of Loan
- Under, “You may be charged these fees:” combine “Loan Origination” and “Mortgage Broker Fees” into one line item reading “Loan Origination / Mortgage Broker Fees”
- Add:
  - APR – concerned with compliance if not included
  - Loan Term
  - Fully Amortized
  - Interest rate locked / floating
  - The word “estimate” between “Your” and “monthly taxes, insurance...”
- Rename / Reword following items:
  - “Fixed Rate Loan” to read “Fixed Rate Mortgage”
  - “Adjustable Rate Loan” to read “Adjustable Rate Mortgage”
  - Replace “will” with “may” in “You will be charged others fees in connection...”
- “Initial monthly principal and interest payment” does not allow for interest only and negative amortization loans
- Clarification is needed as to what meets the “first disclosure provided.” Specifically, can a cover letter be atop a

disclosure package? Can a loan application be on top of the disclosure package?

- Clarification is needed as to what triggers the need to disclose / redisclose – initial, interest rate lock-in, closing package has various disclosures

### III. Additional comments after listening to other commentators

- Concerned over the request by other speakers to create and state a new definition for YSP. (That suggestion wrongly implied that it was only as additional profits to the lending community. It specifically neglected to draw attention to the fact that that is one way to pay for services rendered.) If a definition is used, as proposed by another speaker, it should be done with a definition already in use and published. (Concerned with more verbiage, as it distracts from the intent to 'highlight' key points.)
- Staying with the 'less is more' concept, what items can be removed from the loan summary that aren't required by law, i.e. statement of monthly income
- I concur with comments made regarding the requirement to quantify the cost or rate charged due to the reduced documentation loan. The points made by the speaker were correct, in that how can the originator quantify these items when not only doesn't the borrower qualify for a full-document loan, but without knowing all the details of a full-document loan what are we to compare it to? It's the same as advising a 55-year old buyer of term life insurance residing in Texas that his premium is \$\_\_ higher than that charged to a 20-year old living with his parents in Maine. What is the meaning of such a statement since the 55-year old buyer can't turn himself into a 20-year old.
- Comments were made regarding various items that cannot be accurately stated, i.e. prepayment penalty. Early payoff

clauses generally apply to a percentage of the loan balance above and beyond an annual trigger point. Is the point of the loan summary to state an incorrect number (under or over stated), state a long statement, or merely to highlight the fact that one exists so the borrower can ask and search for more details through the other papers.

Again, thank you for allowing me to offer my input.

With best regards,

Jeffrey Lorsch

President and Broker

Evergreen State Mortgage

Tel: 425-204-1313

Fax: 425-204-1414

Email: [Financeman@EvergreenStateMortgage.com](mailto:Financeman@EvergreenStateMortgage.com)