

SHB 2770 Rulemaking - "Disclosure Summary" Comments

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Comments:

Clarity and standardization of disclosures statewide for all loan originators would benefit consumers.

There should not be a difference in how a mortgage client is disclosed to based on who employs the loan originator.

Now we have lobbyists on the offensive against mortgage brokers attempting to manipulate yield spread premium (YSP) disclosure as an issue.

We as Mortgage Brokers by law already disclose YSP.

Nationally chartered and even local banks as well as credit unions and direct lenders funding on their own lines of credit do not have to disclose their yield spread premium, service release premium or volume incentives. The originators that work outside of the broker world are compensated in a very similar way without ever disclosing anything to the consumer.

If the overall goal here is to protect consumers and provide them plain language to be able to compare many loan options from different loan originators for example a Good Faith Estimate from a Mortgage Broker vs. a Mortgage Banker, all originators should have to conform to the same rules of disclosure.

I support Washington State DFI and was a big proponent of the new loan officer licensing, background investigation and continuing education requirements. We were able to restrict the undesirable prospective loan officer from the business. I see Washington State DFI taking the lead in mortgage legislation by being one of the first states to sign up for the national mortgage registry.

There is one more step to go....It is a big one and I challenge the DFI to remedy the most confusing issue in the mortgage marketplace to a consumer.

Consumers are confused at a good faith estimate between a mortgage bank and a mortgage broker...The remedy is to make all loan originators in the state disclose by the same set of rules. If a loan originator at a bank puts Zero origination points on a loan and that loan originator is compensated by the bank on a volume incentive, service release premium etc. this needs to be disclosed to the borrower the same as mortgage brokers currently by law disclose YSP.

Equality in disclosure will clarify the loan terms and fees, while providing plain language to the consumer and will allow them easier comparison shopping for the best loan. Restrictive and excessive focus on the disclosure of YSP only targeting brokers will further exacerbate the overall problem of confusion to the mortgage consumer.

Respectfully,
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