



July 7, 2008

Division of Consumer Services
State of Washington
Department of Financial Institutions
PO Box 41200
Olympia, WA 98504-1200

Subject: Rulemaking Meeting – July 2, 2008
Proposed Summary Disclosure

To Whom It May Concern:

I am the owner of Matison Mortgage Professionals in downtown Puyallup. I started in mortgage lending in 1982 and have worked for both banks and brokers. I opened my company in early 2006 because I wanted to be able to offer the best rates with the lowest fees to my clients. I was unable to do that while working for a bank.

I attended the Rulemaking Meeting on July 2 in Renton. I was shocked and alarmed when I realized the majority of people in the room seemed to be of the impression that mortgage brokers are the only type of loan originators being paid Yield Spread Premium. This is completely untrue. Banks and the loan originators that work for them are ABSOLUTELY earning yield spread. They just don't have to disclose it. This creates an unfair and very misleading situation for consumers.

I sit down face-to-face and go over disclosures in detail with my customers. I send updated Good Faith Estimates and Truth-In-Lending Disclosures when fees are verified and again when rates are locked. We charge zero in junk fees – no processing fee, no administrative fee, no document preparation fee, etc. There are no secrets and there are never any surprises at closing. We actually attend signing appointments with our clients. They understand we charge a fee and they also understand we are paid by lenders to send our files to them. As a broker, I am offered wholesale pricing by the lenders I work with. I then pass on those lower rates to my clients. Yield spread is the incentive we earn by acting as broker. Banks, brokers, lenders - we are all working with the same money. I pay the expenses to operate an office by earning yield spread. Banks have the same types of expenses but at a much higher level. That is how I am able to offer better rates for lower fees than a bank loan officer.

I and the other two originators that work with me are excellent at what we do. We recommend our clients shop around so they know they are getting a great deal from us. We don't have to advertise because 100% of our business is referred to us by previous clients and by real estate agents. We get those referrals because we do our job very well.

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By asking brokers alone to disclose yield spread on the proposed disclosure, you are cutting our throats. You are asking us to say to our clients "you can get a better deal by going to a bank or mortgage lender but, please, just sign here." It is untrue and it is discrimination against brokers. It discriminates against small business. If the disclosure of yield spread is going to be required, it needs to be required of ALL originators in the State – not just brokers. Section 3, Paragraph 3 of SHB 2770 indicates the Director "may, at his or her discretion, require by rule other information relating to a residential mortgage loan to be included in the disclosure summary if the director determines that it is necessary to protect consumers." What could protect consumers more completely than requiring equal, standardized disclosure by all originators?

Don't put me out of business by asking me to have my clients sign something misleading that is obviously intended to steer them away from doing business with me. I am offering better pricing at a lower cost than what they can get elsewhere. This disclosure says the opposite. Where on the proposed disclosure does it say that banks and mortgage lenders also earn yield spread but are not required to disclose it?

I spent the last month researching alternatives to being a broker. My option is to become either a "net branch" or a physical branch of a bank or mortgage lender. I am solicited by several of them weekly, asking me to join their company. The sales pitch is always the same: "BE PART OF OUR COMPANY AND YOU'LL NEVER HAVE TO DISCLOSE YIELD SPREAD AGAIN". Think about it. I'd also have to start charging junk fees required by the lender. **I would have to offer higher interest rates with higher fees than I presently can.** That's what many brokers have done.

The bank I worked for charged about \$900 per file in "junk fees". This is typical for a bank. There was a lot of money made on each transaction – by the bank and by the originators. The bank got their margin on the rates; they also got half the income – income in the form of yield spread plus origination fees. The loan originators made more per file by quoting rates with 1 to 2 points rebate (or yield spread). But, of course, that isn't disclosed to the consumer or, apparently, to the Department of Financial Institutions.

This isn't right. I don't want to be part of a bank. I started my company to set the bar higher and I intend to tough this out. But by requiring this disclosure of yield spread ONLY by brokers, you are telling me I should give up, I should throw in the towel, I should join a bank or find another line of work.

This disclosure will put honest, hard-working brokers and originators out of business. This puts small companies like mine out of business. Most importantly, this hurts the consumer by eliminating a viable resource for obtaining mortgages, forcing them to pay higher fees for higher interest rates.

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I have attached my recommended version of the Disclosure Summary to be used if brokers are, indeed, going to be discriminated against by being the only group of originators required to disclose yield spread. Alternatively, the final paragraph labeled "IMPORTANT NOTE" could be eliminated if ALL originations are to have the same disclosure requirements.

I appreciate your time and look forward to your response. I will begin using the attached version of the Disclosure Summary unless directed otherwise by you.

Sincerely,



Teri J Matison
Managing Member

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