

Newly Required Forms Introduce Degree of Integrity to Mortgage Business

This fall the Division of Real Estate implemented some "emergency rules" to implement provisions of several laws which the General Assembly passed and the Governor signed, the intent of which was to crack down on mortgage fraud and the dishonest dealing which played a role in the excessive number of foreclosures we are witnessing.

Back on April 19, the title of this column was

"But the Mortgage Broker Was My Friend and Did the Loan for Free!" In that column I explained how the "friend" actually got thousands of dollars in post-closing compensation from the lender for selling you a higher-cost loan..

With the new **Mortgage Broker Compensation Disclosure Form** now required in all mortgage broker transactions, the broker must disclose how he or she is being compensated on both the "front end" (in points and origination fees) and on the "back end" (commissions paid by the investor).

A **Lock-in Disclosure Form** in intended to prevent continued use of "bait & switch" tactics by spelling out the costs associated with a particular interest rate, including points and pre-payment penalties.

A third form, the **Tangible Net Benefit Disclosure**, implements the trickiest part of this year's spate of mortgage legislation —

the requirement that your mortgage broker not lure you into a loan that is not in your best interest. This form attempts to spell out what the real net benefit (and risk) of any particular mortgage is for you. Does the loan, for example, feature negative amortization, in which your loan principal increases? If the loan has an adjustable rate, when does it adjust and by how much?

I asked my mortgage colleague, **Shelley Ervin**, what further improvements she'd like to see, and the first thing she'd like to see is beyond the control of the State Legislature, and that would be to have the same standards and forms imposed on federally chartered banks and lenders. State law cannot regulate federally chartered lenders, such as Wells Fargo or Countrywide Home Loans, which is the nation's biggest mortgage lender. That will require congressional legislation or regulatory rulemaking.

REAL ESTATE TODAY



By **JIM SMITH, Realtor®**

Keep on Top of New Golden Listings: Every Friday, Jim Smith sends an email describing that week's new listings in Golden, which he then previews on Saturday morning. Later on Saturday he sends a second email with his notes on those listings. To be added to this free email list, write to Jim@GoldenRealEstate.com.

This Week's Featured New Listing:

Lavish Beverly Heights Home With Indoor Pool



Few homes can match the outstanding features of this home under the "M" in Golden's Beverly Heights neighborhood — actually, a sub-area of Beverly Heights called Lookout Pointe. This is my own home, which I am putting on the market this week after 2½ years of enjoying its many features — most especially the indoor Endless Pool in which

Rita does her water aerobics every day. We love it so much that we'll be buying an Endless Pool to install in our next home! You're welcome to try the pool before you make an offer — that's what we did! Other features include a ¼-acre lot with large backyard and a pergola providing welcome summer shade on the expansive flagstone patio. Details: 4 bedrooms, 2½ baths, upstairs laundry room, 3,065 sq. ft. plus 1,579 sq. ft. unfinished basement. Call Jim for a private tour.

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