

I happen to have a contrarian opinion to most mortgage brokers, in that I believe the borrow should be advised at the origination of the loan, how much they will pay for the loan, whether directly – as loan origination fee, or indirectly – via yield spread premium. Attached is the document I use to explain pricing to my clients.

I also believe that mortgage brokers have to compete with direct lenders and direct lenders and I believe that any disclosure requirements should apply equally to ALL mortgage originators, not just mortgage brokers.



Ed Irwin, JD, CMC

Integra Real Estate & Mortgage
(Rockwell Realty LLC)
801 Market Street
Kirkland, WA 98033
(206) 275-4500
(206) 275-3113 (fax)
Ed@MyIntegra.com
www.MyIntegra.com

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How Much Will Your Home Purchase or Refinance Cost?

UNDERSTANDING THE CASH REQUIREMENTS TO OBTAIN A HOME LOAN

Assuming a purchase price of \$ _____, here are your out-of-pocket expenses

DOWN PAYMENT

(____% DOWN) \$ _____

FINANCING COSTS

CLOSING COSTS \$ _____

LOAN FEES

Loan Origination Fee \$ _____
 Loan Discount \$ _____

TOTAL LOAN FEES \$ _____

PREPAID ITEMS

INTERIM INTEREST \$ _____

HOMEOWNER'S INSURANCE

First year premium \$ _____
 Two month in reserve \$ _____

TAXES

Assume 5.5 months total \$ _____

TOTAL PREPAID ITEMS \$ _____

\$ _____ + \$ _____ + \$ _____ = \$ _____

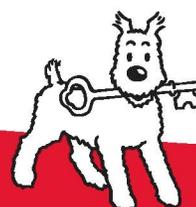
DOWN PAYMENT + FINANCING COSTS + PREPAIDS = TOTAL CASH REQUIRED TO CLOSE

Closing Costs: Third Party Fees

Closing Costs pay for specific services involved in packaging and documenting a loan file. These services are required for every loan and the fees set forth are typical in the Seattle area. If one lender or broker represents that the charge will be significantly different, that difference will usually be compensated for in interest rate, loan fee or discount.

| SERVICE | FEE |
|-------------------------------------|--------------------------|
| Appraisal | \$450-\$650 |
| Credit Report | \$20 |
| Escrow (Settlement) fee | \$450-\$1,200 |
| Underwriting & Document Preparation | \$600-\$1,000 |
| Processing | \$375-\$500 |
| Title Insurance | \$450-\$1,700 |
| Reconveyance Fee (per lien payoff) | \$150 |
| Recording Fee | \$60-\$150 |
| Flood Certification | \$10-20 |
| Courier & Wire Transfer | \$50-\$200 |
| Tax Service Contract | \$75 |
| TOTAL | \$2,690 - \$5,665 |

For an full explanation of each of these fees, visit www.myIntegra.com



INTEGRA
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Understanding Loan Fees

Loan Fees are made up of a **Loan Origination Fee** (charged by the Mortgage Broker) and a **Loan Discount Fee** (charged by the Lender to obtain a particular interest rate on a given day). Every Mortgage Broker has access to the same loan programs, interest rates and loan discounts. Your primary focus should be on the experience, service, skill and trustworthiness of the mortgage broker. But, for any given loan program, there are several variables that can change your cost on a loan, such as interest rate, Loan Origination Fee, margin and prepayment penalty.

INTEGRA'S LOAN ORIGINATION FEE FOR A STANDARD PURCHASE OR REFINANCE

| LOAN AMOUNT | LOAN ORIGINATION FEE |
|------------------------|----------------------|
| \$0 TO \$40,000 | \$1,000 FLAT FEE |
| \$40,001 TO \$60,000 | 3.00% OF LOAN AMOUNT |
| \$60,001 TO \$80,000 | 2.50% OF LOAN AMOUNT |
| \$80,001 TO \$100,000 | 2.00% OF LOAN AMOUNT |
| \$100,001 TO \$125,000 | 1.75% OF LOAN AMOUNT |
| \$125,001 TO \$175,000 | 1.50% OF LOAN AMOUNT |
| \$175,001 AND UP | 1.25% OF LOAN AMOUNT |

Loan Origination Fee

Integra's Loan Origination Fee assumes a relatively clean credit history and a fixed rate or two-step loan program. It does not change with changes in market conditions. Add 0.25% for a custom construction loan. The Loan Origination Fee is independent of the Loan Discount. Often called "points," each point is equal to one percent of the loan amount. Integra will quote a fixed price for all costs and fees on each loan upon request of a client.

Once engaged as Mortgage Broker for a borrower, Integra's goal is to obtain the best loan terms available for our borrower's situation. With the advantage and assurance of a pre-determined fixed fee, you get all the benefit of our efforts and advice plus any reductions in rate or fee due to market conditions.

Loan Discount

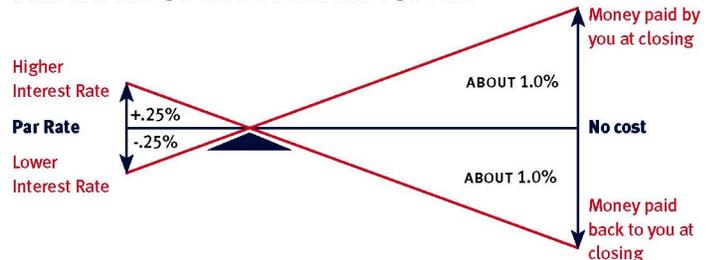
When you get a mortgage loan, where does the money come from? Almost all home loans are bundled with other loans and sold to investors, through Wall Street, in the form of a security called a mortgage-backed security (MBS). Lenders determine the yield (interest rate) Wall Street needs to sell a mortgage (via an MBS) by referring to the bond market.

Lenders can provide a wide variety of interest rates to borrowers by adjusting the amount of money paid by a borrower (discount points) to get a lower rate or the amount of money paid to a borrower (rebate or "yield spread premium") for accepting a higher rate. The interest rate you get on a loan and the amount you pay for it (discount points or rebate) are related like two ends of a teeter-totter.

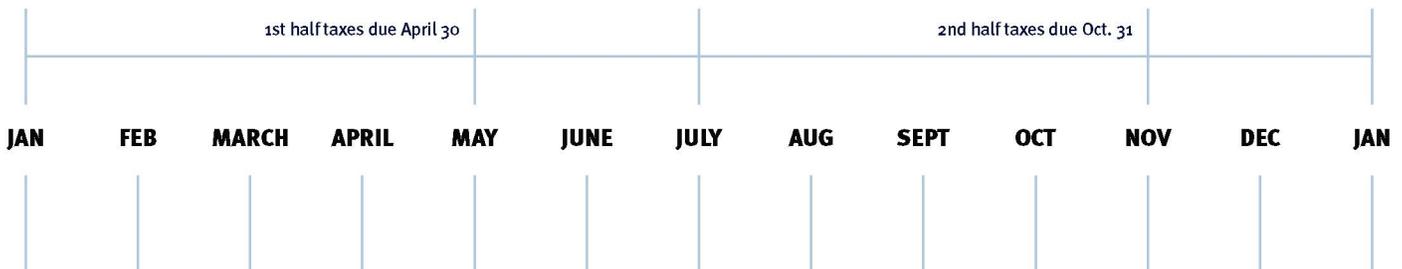
Knowing this relationship allows you to choose the loan program and interest rate that best fits your situation. If you are short of cash and can afford a slightly higher payment, you can select a higher interest rate and receive a rebate from the lender to cover your closing costs. Conversely, if you have enough cash and plan on keeping your loan for a long time (more than five years), it may save you money to "buy down" the interest rate to lower your monthly payments. We can help you determine the break-even point for this decision regarding your loan.

At Integra, we always quote our clients at "par" and pass on to them any rebate or discount points associated with the interest rate selected.

THE INTEREST RATE TEETER-TOTTER



Prepaid Items: Insurance and Taxes



Reserve Requirements for a purchase:

Insurance: 12 months in advance + 2 months in reserves
Taxes: 5-6 months

Reserve Requirements for a refinance:

Insurance: 2-13 months, depending on renewal date
Taxes: 2-7 months, depending on closing date