

# **Agenda**

## **2008-2009 Mortgage Broker Rulemaking Task Force**

**January 14, 2009  
9:00 –11:00 a.m.  
DRE 9<sup>th</sup> floor conference room  
Colorado Division of Real Estate  
1560 Broadway, Suite 925  
Denver CO 80202  
303.894.2166**

**Task Force Members:** Anita Padilla, Bart Bartholomew, Brad Groves, Bill Kidwell, Charles L. Workman, Dan Eason, Geoffrey Schroder, Jan Zavislan, , Lainey Hamrick, Stacey Harding and Jason Lyon.

### **Agenda topics**

<b>9:00 – 9:30 a.m.</b>	Upfront Compensation Collected	Cary Whitaker
<b>9:30 – 10:00 a.m.</b>	What constitutes an advertisement?	Cary Whitaker
<b>10:00 - 10:15 a.m.</b>	Break	N/A
<b>10:15 - 10:50 a.m.</b>	Defining Discount Points and a Par Rates	Cary Whitaker
<b>10:50 – 11:00 a.m.</b>	Public Commentary	Cary Whitaker

# **Minutes**

## **Mortgage Broker RuleMaking Task Force**

**January 14, 2009  
9:00 – 11:00 a.m.  
DRE 9<sup>th</sup> floor conference room  
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**Task Force Members Present:**

9:00 – 9:30 a.m.	Upfront Compensation Collected	Cary Whitaker
<p>Discussion:</p> <ol style="list-style-type: none"> <li>1. Section 12-61-915, C.R.S. of the mortgage broker statutes addresses compensation. <ol style="list-style-type: none"> <li>a. In summary, this section does allow a mortgage broker to charge a fee of \$300.00 if the mortgage broker has obtained a written commitment from the lender for loan terms agreed to by the borrower and the transaction does not close through no fault of the mortgage broker;</li> <li>b. Regarding third-party fees and costs, section 12-61-915(3), C.R.S. does allow mortgage brokers to collect such fees up front. Additionally, it requires mortgage brokers to refund monies for third-party services not rendered and prohibits mortgage brokers from charging more for the services than they actually cost.</li> </ol> </li> <li>2. Mortgage broker statutes and regulations are silent regarding whether or not mortgage brokers may collect compensation up front.</li> <li>3. Should mortgage brokers be able to collect compensation up front?</li> <li>4. If so, how should these monies be managed? I.E. with a trust or escrow account?</li> </ol>		
Results:		
Action Items:		
Person Responsible:		
Timeline:		

## Discussion:

1. Rule 8-1-1, entitled *Mortgage Broker Advertising*, defines advertising as any commercial message that promotes consumer credit. Advertisements may appear:
  - a. In newspapers, magazines, leaflets, flyers, catalogs, direct mail literature, or other printed material;
  - b. On radio, television, or a public address system;
  - c. On an inside or outside sign or display, or a window display;
  - d. In point-of-sale literature, price tags, signs, and billboards; or
  - e. Online, such as on the internet.
  
2. Rule 8-1-1 adopts standards defined in the Truth in Lending Act, staff commentary at the FTC and requires the following on all forms of advertising:
  - a. A responsible party;
  - b. License number, if applicable, or name of responsible party;
  - c. Mortgage company name;
  - d. Business address;
  - e. Business phone number; and
  - f. A statement for borrowers to check the license status of their mortgage broker along with the Division of Real Estate's website – <http://www.dora.state.co.us/real-estate/index.htm>.
  
3. What constitutes an advertisement?
  - a. Does this include business cards?

<ul style="list-style-type: none"> <li>b. Does this include company websites?</li> <li>c. Any other areas of concern?</li> </ul>
Results:
Action Items:
Person Responsible:
Timeline:

10:00 – 10:15 a.m.	Break	

10:15 – 10:50 a.m.	Defining Discount Points and a Par Rate	Cary Whitaker
<ul style="list-style-type: none"> <li>1. Discussion: Defining Discount Points and a Par Rate. <ul style="list-style-type: none"> <li>a. What is the task forces perception of a discount point?</li> <li>b. Does a discount point mean buying a rate down below par?</li> </ul> </li> <li>2. Proposed definitions: <ul style="list-style-type: none"> <li>a. Discount Point - <ul style="list-style-type: none"> <li>i. Discount point means fees paid to a lender at closing in order to lower a borrowers' interest rate below the par rate.</li> </ul> </li> <li>b. Par Rate - <ul style="list-style-type: none"> <li>i. Par rate means an interest rate used as the reference point for which a mortgage lender will neither pay compensation no require discount points for a mortgage loan.</li> </ul> </li> </ul> </li> </ul>		
Results:		
Action Items: None		
Person Responsible: N/A		
Timeline: N/A		

10:50 - 11:00 a.m.	Public Commentary - Public to limit comments to five (5) minutes.	Cary Whitaker
Public Attendees:		
Public Comments:		