



Pamela J. Strickland
 2334 Vista Madera
 Santa Barbara, CA 93101
 Phone: (805) 682-8784
 Fax: (805) 682-2084
 pam@pamstrickland.com

Pam-a-gram

October, 2007

Newsletter for California Mortgage & Real Estate Brokers

In This Issue

- CAMB Legislative Update

Online Continuing Education

[Online DRE Classes](#)

[CRMLA Agency & Ethics Package](#)

Other Education

[FormTrainers](#) (enter promotional code **ps01** for a 10% discount)

Department of Real Estate Links

[Home Page](#)

[eLicensing](#)

[License Status](#)

For a thorough evaluation of your company's compliance with the multitude of regulations that pertain to the real estate industry, I am available for private, confidential in-office consulting. Further information is available on my website: www.pamstrickland.com.

Please reply to this message with requests for additions, deletions or changes to this e-mail list. I respect your privacy and do not provide your name or e-mail address to any outside party.

Any recommendations contained in this message are based on my many years of personal experience and research in the Real Estate industry and must not be considered legal advice. I recommend that you consult with appropriate legal counsel for further clarification.

Contact Pam at:

pam@pamstrickland.com

The following alert was sent out to members of CAMB. I'm sure that many of you received it straight from them, but I wanted to make sure that everyone on my e-mail list received it. There will likely be additional disclosures coming from the DOC, also, and I'll let you know as soon as I get them. Pam



At the request of California Real Estate Commissioner Jeff Davi, CAMB is distributing this alert to all members.

EFFECTIVE SEPTEMBER 28, 2007

The California Department of Real Estate (DRE) is requiring "Form 885 Mortgage Loan Disclosure Statement / Good Faith Estimate – Nontraditional Mortgage Product" to be completed and a copy retained in the file for all loan transactions in which a non-traditional loan product is used. Although this form is very seldom required by funding lenders, its use is mandatory for all DRE-regulated transactions.

Because CAMB stands for full disclosure of all facts pertinent to a borrower's decision to choose a loan product and its terms, members are urged to use this expanded MLDS form, ensuring borrower understanding of the financing selected.

For a copy of Form 885 and related information, visit the California Department of Real Estate website at: www.dre.ca.gov. Go to the heading "Featured Items" for this information.

BACKGROUND

California Department of Real Estate Adopts New Regulations

- Section 2842 – Approved Borrower Disclosure Statement for Nontraditional Mortgage Products
- Section 2848 - Advertising Criteria

Section 2842: Approved Borrower Disclosure Statement for Nontraditional Mortgage Products

As adopted by the California Department of Real Estate, Title 10 California Code of Regulations (CCR) Section 2842 shall require licensees (mortgage brokers) involved in nontraditional mortgage products to use a new disclosure statement to prospective home loan borrowers whose loan involves a nontraditional mortgage product. A nontraditional mortgage product is defined as a loan that allows borrowers to defer payment of principal or interest on such products as including but not limited to, interest only loans, negative amortization loans or loans that have payment options that could result in negative amortization. The purpose of the regulatory change is to assist licensees involved in nontraditional mortgage products to meet the disclosure requirements to borrowers as required by Sec. 10240 and 10241 of the Code.

Note: It is important for CAMB members to know that CAMB had the opportunity to provide input on Form 885 as it was being developed, and we are pleased that it has similar components to our own Consumer Protection Worksheet created by CAMB in July 2006. CAMB members can access English and Spanish versions of the worksheet in the Members section of the CAMB Web site.

Section 2848: Advertising Criteria

As amended by the California Department of Real Estate, Title 10 California Code of Regulations (CCR) Sections 2848 shall require additional disclosures such as (1) impact of negative amortization on monthly payments; (2) how often

and how much interest rates and payments can change; and (3) whether there is a balloon payment, in the advertising of various “higher risk” loan products to assure that potential borrowers are not deceived in advertising by licensees.

About Pam Strickland

Real Estate Broker from Santa Barbara with over 27 years experience in Real Estate and Mortgage Lending

Past-President: California Association of Mortgage Brokers (CAMB)

Selected Mortgage Broker of the Year

- 1992: California Association of Mortgage Brokers
- 1993: National Association of Mortgage Brokers