

SHB 2770 Rulemaking - "Disclosure Summary" Comments

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Comments:

We are working on a new loan product for high credit homeowners that packages a home equity line into mortgage. The benefit is to enable homeowners to have access to their equity, but this could be interpreted as negative amortization. None of our prospective borrowers will be subprime status.

The use of the words in house bill 2770 section 6, line 31-33, which currently reads:

"Sec. 6.

31 that impose negative amortization and which are subject to the "

32 interagency guidance on nontraditional mortgage product risks and the

33 statement on subprime mortgage lending."

would seem to say that a loan must be BOTH:

- negative amortization, AND
- subject to guidance on subprime mortgage lending.

Is this correct? Please confirm if it is permitted to offer negative amortization to prime clients (i.e, those not subject to the guidance on subprime lending).

Best Regards,

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