



grg Government Relations

9445 37th Avenue SW
Seattle, Washington 98126
(206) 933-0169 fax (206) 935-1923
grgardner@comcast.net

1501 S. Capitol Way 203B
Olympia, WA 98501
360-943-2381 fax 360-943-9545

To: Linda Jekel, DFI
Deb Bortner, DFI

From: Gary Gardner (for BECU)

Date: 7/2/08

RE: Comments on Mortgage Disclosure Rule 7/2 hearing

On behalf of my client BECU, we have a few questions and comments regarding the second draft of the proposed Mortgage Disclosure Form:

It is still not clear if the disclosure is required for HELOC's – DFI has the discretionary authority we believe to apply this only to 1st mortgage loans and would urge that you do so.

Does the disclosure need to be given every time a “material” term changes by even a small amount? For instance, appraisals come in at a slightly lower amount, or income is off by a few dollars – does the disclosure need to be given again? This could cause an increase in paperwork. Perhaps a dollar amount or percentage amount should be the trigger. If a material term changes by more than 3% as an example, the disclosure must be given again, or if the material term changes the loan terms to negatively affect the borrower.

Do we need a signed copy of the disclosure retained in the loan file? If we give multiple disclosures based on changes in material terms, does each of them need to be retained in the file?

We still need to define “closing”. Is it when the applicant signs? Or is it when the loan funds? When material items tend to change, they are discussed prior to a signing date to prepare final documents. If “closing” is defined as the signing date, it will delay funding loans as we will have to provide the new disclosure at least three days before that. However if it is defined as the funding date, we can provide the applicant the disclosure at the time of signing, which would be subject to the Reg Z three day rescind provision, and give the borrowers the three days DFI has in this proposal.

Thanks for your consideration – please let me know if you have any questions.