

SHB 2770 Rulemaking - "Disclosure Summary" Comments

Name: Stephen Bozick

Received: October 06, 2008

Comments:

Comments regarding the proposed rule language and model disclosure summary as a result of SHB 2770.

Disclosure summary:

- Amortization should be listed in front of Term in the Mortgage Term section: Mortgage Amortization/Term. For example, a 30 year fixed rate, fully amortizing loan would be listed as 360/360 and a 7 year balloon with a 30 year amortization would be listed as 360/84.
- The fees section should be titled Lender/Broker Fees. Our two primary providers of mortgages are Lenders and Brokers. Originators work for both. Delete the reference to Discount in the title; it is listed in the breakout of fees.
- What are other fees and who is required to disclose which of these fees in this area? Other fees should be all other non-recurring closing costs except for appraisal, credit, title, escrow, and recording/reconveyance. This keeps lenders and brokers on a level playing field.
- Regarding Other Conditions, delete the "if you only...." after balloon payment. You could still have a balloon payment even after making more than the minimum.
- I would rather not see the additional info regarding YSP. It wasn't required in the legislation. If the Director insists on having something, at least delete the 2nd sentence in the YSP section. What is a market rate loan? It's impossible to define. Furthermore, the statement leads the consumer to believe that the YSP is theirs. It is paid to the broker through an agreement between the lender and the broker.
- Guidance needs to be given regarding how to calculate the various payments required in the variable rate loan summary. The truth in lending disclosure payment summary has some of the required payments, but not the maximum payment. The maximum payment is not an easy payment to calculate. I would rather see a statement pointing the consumer to the ARM disclosure provided by the originator which has all the terms of the ARM in it.

WAC

- Definition b, Business Day: I'd rather see it consistent with TILA. Saturday is not a business day under TILA, unless it's for rescission purposes, and that's only because of mail delivery.

Definition c i, Closing: Closing occurs after rescission expires, when the legal documents are recorded, and funds disbursed.

Definition c ii, Closing: Consummation, not closing is when the docs are signed. Closing occurs when the docs are recorded and the money is disbursed.

Definition e: Why is that definition in the WAC? It doesn't appear to have any relevance to the law or form. And the way it is written, it defines the total interest paid over the life of the loan.

Definition i: delete borrower in the 2nd sentence; it is a credit transaction. What is the purpose of the 4th sentence? If it's referring to private money, it needs to be rewritten. Was it the intent of the legislature to not require the form on refinances, second mortgages, and non owner occupied properties? Paragraph 2 applies to purchases only, and paragraph 3 exempts investment property. Paragraph 4 exempts HELOCS, but says nothing about closed end second mortgages. Placing a HELOC in first position would also be an exempt transaction. Most of this conflicts with the MBPA which requires disclosure on non owner occupied 1-4 family properties.

Definition j: Delete 2nd sentence due to the reasons mentioned earlier.

Section 4a: loan fees are a percentage of the loan amount. Other fees or charges should be a separate section.

Section 4n: The rate will not always go up at the "scheduled adjustment date".

Thank you for considering my comments.