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15 - Rescission If truly want to protect the consumer, and want there to be absolutely no question as to intent to either cancel or consummate the loan; then I recommend having two signature lines. One to cancel the transaction and the other to consummate it. Further, the form cannot be signed until required rescission period has expired. 19(a)(2)(iii) - "A "final" TILA disclosure is all cases for closed-end mortgage transactions secured by a dwelling or real property." No TILA disclosure required for early(dwelling only) or seven days (dwelling only), just final additional three-business day waiting period? It is impossible to then have a TILA variance if they were never provided. Recommend revising to match stating dwelling only. (also matches Reg Z for non-dwelling as exempt) 19(a)(3) - "A consumer may waive or modify the waiting periods between when a creditor provides early disclosures or corrected disclosures and consummation of a closed-end, dwelling-secured transaction, if the consumer determines that the extension of credit is needed to meet a bona fide personal financial emergency." If 19(a)(2)(iii) is not adjusted, then need to revise this statement to include "or real property" for the waiver. 20(a)(1)(i)(A)-2 - "Provides that an increase in the loan amount includes any costs of the transaction, such as points, attorney's fees, or title examination and insurance fees that are financed by the consumer, and provides an example of a transaction where the loan amount is increased because fees are paid from loan proceeds. I suggest removing "attorney's fees, or title examination and insurance fees" only from this. There is still no benefit or financial incentive for creditor to modify the loan. All the benefit is still provided to consumer. Only clarification should state that if attorney, title, or insurance is provided by an affiliate (thereby creating an incentive for creditor to consummate another transaction), then would have to provide disclosures and would be considered a refinance. 22(a) Annual Percentage Rate I recommend using the same line items from the Good Faith Estimate (all 800s and exclude 901- prepaid interest & 1101 escrow fee) for the APR as will be

used for HOEPA determination. This would create consistency for forms and give just an accurate measure to compare loans. All lender fees are found within the 800s. 22(a)(1)(ii) - Bona fide calculation error/computer malfunction. Strongly support this to be included in final rule as written. 23(a)(5)(i)(G) - APR Tolerances 1. Why does a new creditor get a greater APR threshold? It makes no sense that the consumer should be protected to a certain level with current creditor and not with another. Not only does this create an uneven playing field, but it puts the consumer at greater risk. 2. Why are giving such strict APR thresholds for Foreclosure Bailout loans? This further exacerbates the problem for a consumer in this situation. 23(g) & (h) - Rescindable Loan Tolerances. 1. In general, TILA is considered accurate if 0.5% of loan amount or \$100 whichever is greater (subsection (g)). If defense to foreclosure then gets dropped to just \$35 (subsection (h)). How can be in compliance; however, if foreclosure is started, then we have a completely different set of standard. How can this be? I realize this has been in effect since at least 1/1/1997; but why the variance? 34(a)(4) - Repayment Ability for HOEPA loans. 1. I recommend using residual income (can see VA's guidelines for a very good example) as opposed to DTI. Ratios are not a good indicator when determining ability to repay. (IE - (1) Borrower A makes \$1,000 per month and has 5 kids. Total obligations including proposed home loan are \$499 per month. Using DTI, they have the ability to repay (even using Sec 32 guidelines of max 50% under certain restrictions) at 49.99%. However, there is no way a family of 6 can survive off \$501 disposable. (2) Borrower B makes \$10,000 per month and lives alone. Total obligations including proposed home loan are \$6,000. Using DTI, borrower would be denied with a ratio at 60%. However, borrower's disposal is at \$4,000 per month and very much has the ability to repay.) 2. Either way, please define "reasonable ability." Judicially this puts a creditor into a very precarious position. 35 - "The board seeks comment, however, on whether the use of the transaction coverage rate should be optional." 1. Use of the coverage rate should be required.. 2. In my opinion the disclosure to the consumer should not occur. Consumers are confused already in regard to APR versus contract rate. Disclosure of yet a third rate disclosure would be extremely confusing (unless adopt my suggestion of revising APR to match coverage rate, then they would be one and the same).