



Wells Fargo  
Law Department  
MAC X2401-06T  
1 Home Campus  
Des Moines, IA 50328-0001  
515/213-4572  
515/213-5192 (Fax)

November 22, 2010

Sent via FedEx and Regulations.gov

Ms. Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, DC 20551

Re: Docket No. R-1366

Dear Ms. Johnson:

On September 24, 2010, the Federal Reserve Board ("Board") published for comment an interim rule amending Regulation Z, which implements certain requirements of the Mortgage Disclosure Improvement Act of 2008. The interim rule requires creditors extending consumer credit secured by real property or a dwelling to disclose certain summary information about interest rates and payment changes, in a tabular format, as well as a statement that consumers are not guaranteed to be able to refinance their transactions in the future. These summary tables will replace the schedule of payments previously required under Regulation Z and TILA for mortgage transactions. The Board has requested comment on the interim rule.

Wells Fargo provides the following comments with regard to the interim rule:

**A. Mortgage Insurance**

Comment 18(s)(3)(i)(C)-2 states that payment amounts under Section 226.18(s)(3)(i) should reflect the consumer's mortgage insurance payments until the date on which the creditor must automatically terminate coverage under applicable law. Wells Fargo believes the intent and effect of the commentary is to require that the payment disclosed should include any mortgage insurance payments that will occur, but that any reduction or cessation in the mortgage insurance payment need not be disclosed. Wells Fargo respectfully suggests that the Comment be modified to state that mortgage insurance reductions or cessations are not required to be disclosed in the summary tables.

November 22, 2010

Page 2

**B. Reverse Mortgages**

The interest rate and payment summary table required by Section 226.18 does not provide any meaningful information to a reverse mortgage borrower and, in fact is potentially confusing to a reverse mortgage borrower. Reverse mortgages do not require a borrower to make monthly principal and interest payments. Wells Fargo supports the Board's simultaneous proposal to develop new disclosure requirements tailored to reverse mortgages. However, Wells Fargo believes that reverse mortgages should be excluded from the requirements of the interim rule now, rather than waiting until the reverse mortgage disclosure requirements are implemented.

**C. Maximum Payment During First Five Years**

Wells Fargo agrees that five years is the appropriate period to address the concern that borrowers would not be adequately warned of significant interest rate changes on a transaction where the first adjustment will be fairly modest under the transaction's terms, and in which the limited first interest rate increase could be quickly followed by a more significant increase.

Wells Fargo would also respectfully note that, should this time period change from five years, Wells Fargo would require additional time to comply with such change, at additional cost.

**D. Advertising**

It is Wells Fargo's conclusion that the requirements of the interim rule do not modify the requirements of the advertising requirements under Section 226.24 of Regulation Z. Wells Fargo respectfully submits that it would be helpful if the Board explicitly stated that the interim rule does not modify the advertising requirements of 226.24.

As always, Wells Fargo appreciates the opportunity to be of any assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Moskowitz", with a long horizontal flourish extending to the right.

David L. Moskowitz  
Deputy General Counsel  
Wells Fargo & Company