

June 19, 2008

The Honorable Christopher Dodd, Chairman
The Honorable Richard Shelby, Ranking Member
Committee on Banking, Housing & Urban Affairs
United States House of Representatives
U.S. Senate
Washington, DC 20510

Dear Chairman Dodd and Ranking Member Shelby:

We, the undersigned consumer, community and civil rights organizations, support the Mortgage Disclosure Improvement Act of 2008 provisions currently under consideration on the Senate floor, and are concerned that Senator Bond's proposed amendment to it would defeat the bill's goal of providing early, streamlined disclosure of mortgage terms.

The Mortgage Disclosure Improvement Act provisions provide early mortgage disclosures to borrowers purchasing or refinancing a home mortgage and enhances the current disclosure by adding key information on adjustable rate mortgages, including the fact that the payments may vary based on interest rate changes and the maximum payment a borrower would be required to pay under the terms of the loan. The early TILA disclosure provided for in the bill can be used by prospective borrowers to comparison shop with a few key terms such as APR, initial payments and maximum payment. The bill also provides the Federal Reserve Board with the authority it needs to develop the disclosures within these guidelines.

The Bond Amendment would add very detailed information about payment changes expected under the loan terms. While this is helpful to a borrower seeking to understand how the loan works, it is not information that can be used to compare apples to apples during the shopping process. The current HUD rulemaking under the Real Estate Settlement Procedures Act is exploring options for including such information as part of the early Good Faith Estimate summary—a much more detailed listing of settlement and loan costs.

Extensive research has shown that borrowers can only shop using a few pieces of information and these markers must represent the real cost of the loan. The Mortgage Disclosure Improvement Act of 2008 meets this standard and should not be diluted with additional, detailed disclosures.

Sincerely,

ACORN

Center for Responsible Lending

Consumer Federation of America

Consumers Union

National Association of Consumer Advocates

National Community Reinvestment Coalition

National Consumer Law Center (on behalf of its low-income clients)

National Fair Housing Alliance

U.S. PIRG