

GREEN/  
H.L.C.  
MCHENRY/  
NEUGEBAUER  
003

**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 3915  
OFFERED BY MR. AL GREEN OF TEXAS, MR.  
MCHENRY, AND MR. NEUGEBAUER**

Page 72, after line 24, insert the following new section  
(and conform the table of contents accordingly):

**1 SEC. 211. REQUIRED DISCLOSURES.**

2 (a) ADDITIONAL INFORMATION.—Section 128(a) of  
3 Truth in Lending Act (15 U.S.C. 1638(a)) is amended  
4 by adding at the end the following new paragraphs:

5 “(16) In the case of an extension of credit that  
6 is secured by the dwelling of a consumer, under  
7 which the annual rate of interest is variable, or with  
8 respect to which the regular payments may other-  
9 wise be variable, in addition to the other disclosures  
10 required under this subsection, the disclosures pro-  
11 vided under this subsection shall state the maximum  
12 amount of the regular required payments on the  
13 loan, based on the maximum interest rate allowed,  
14 introduced with the following language in con-  
15 spicuous type size and format: ‘Your payment can  
16 go as high as XXX ’, the blank to be filled in with  
17 the maximum possible payment amount.

1           “(17) In the case of a residential mortgage loan  
2           for which an escrow or impound account will be es-  
3           tablished for the payment of all applicable taxes, in-  
4           surance, and assessments, the following statement:  
5           ‘Your payments will be increased to cover taxes and  
6           insurance. In the first year, you will pay an addi-  
7           tional \$ \_\_\_\_ [insert the amount of the monthly pay-  
8           ment to the account] every month to cover the costs  
9           of taxes and insurance.’.

10           “(18) In the case of a variable rate residential  
11           mortgage loan for which an escrow or impound ac-  
12           count will be established for the payment of all ap-  
13           plicable taxes, insurance, and assessments—

14           “(A) the amount of initial monthly pay-  
15           ment due under the loan for the payment of  
16           principal and interest, and the amount of such  
17           initial monthly payment including the monthly  
18           payment deposited in the account for the pay-  
19           ment of all applicable taxes, insurance, and as-  
20           sessments; and

21           “(B) the amount of the fully indexed  
22           monthly payment due under the loan for the  
23           payment of principal and interest, and the  
24           amount of such fully indexed monthly payment  
25           including the monthly payment deposited in the

1           account for the payment of all applicable taxes,  
2           insurance, and assessments.

3           “(19) In the case of a residential mortgage  
4           loan, the aggregate amount of settlement charges for  
5           all settlement services provided in connection with  
6           the loan, the amount of charges that are included in  
7           the loan and the amount of such charges the bor-  
8           rower must pay at closing, the approximate amount  
9           of the wholesale rate of funds in connection with the  
10          loan, and the aggregate amount of other fees or re-  
11          quired payments in connection with the loan.

12          “(20) In the case of a residential mortgage  
13          loan, the aggregate amount of fees paid to the mort-  
14          gage originator in connection with the loan, the  
15          amount of such fees paid directly by the consumer,  
16          and any additional amount received by the originator  
17          from the creditor based on the interest rate of the  
18          loan.”.

19          (b) TIMING.—Section 128(b) of the Truth in Lending  
20          Act (15 U.S.C. 1638(b)) is amended by adding at the end  
21          the following new paragraph:

22                  “(4) RESIDENTIAL MORTGAGE LOAN DISCLO-  
23                  SURES.—In the case of a residential mortgage loan,  
24                  the information required to be disclosed under sub-

1 section (a) with respect to such loan shall be dis-  
2 closed before the earlier of—

3 “(A) the time required under the first sen-  
4 tence of paragraph (1); or

5 “(B) the end of the 3-day period beginning  
6 on the date the application for the loan from a  
7 consumer is received by the creditor.”.

At the end of the bill, add the following new title:

8 **TITLE V—MORTGAGE DISCLO-**  
9 **SURES UNDER REAL ESTATE**  
10 **SETTLEMENT PROCEDURES**  
11 **ACT OF 1974**

12 **SEC. 1. UNIVERSAL MORTGAGE DISCLOSURE IN GOOD**  
13 **FAITH ESTIMATE OF SETTLEMENT SERVICES**  
14 **COSTS.**

15 (a) **IN GENERAL.**—Section 5 of the Real Estate Set-  
16 tlement Procedures Act of 1974 (12 U.S.C. 2604) is  
17 amended—

18 (1) in subsection (e), by adding after the period  
19 at the end the following: “Each such good faith esti-  
20 mate shall include the disclosure required under sub-  
21 section (f) in the form prescribed by the Secretary  
22 pursuant to such subsection, except that if the Sec-  
23 retary at any time issues any regulations requiring  
24 the use of a standard or uniform form or statement

1 in providing the good faith estimate required under  
2 this subsection and prescribing such standard or  
3 uniform form or statement, such disclosure shall not  
4 be required after the effective date of such regula-  
5 tions.”; and

6 (2) by adding at the end the following new sub-  
7 section:

8 “(f) UNIVERSAL MORTGAGE DISCLOSURE REQUIRE-  
9 MENT FOR GOOD FAITH ESTIMATES.—

10 “(1) DISCLOSURE.—The disclosure required  
11 under this subsection is a written statement regard-  
12 ing the federally related mortgage loan for which the  
13 good faith estimate under subsection (c) is made,  
14 that consists of the following statements, appro-  
15 priately and in good faith completed by the lender  
16 in accordance with the terms of the federally related  
17 mortgage loan involved in the settlement:

18 “(A) ‘Your Loan Amount will be’ and  
19 ‘\$ \_\_\_\_\_’, each statement appearing in a  
20 separate column of the disclosure.

21 “(B) ‘Your Loan is’, ‘A Fixed Rate Loan’,  
22 and ‘An Adjustable Rate Loan ’, each state-  
23 ment appearing in a separate column and each  
24 of the last two such statements preceded by a  
25 checkbox.

1           “(C) ‘Your Loan Term is’, ‘\_\_\_\_\_ years’,  
2           and ‘\_\_\_\_\_ years’, each statement appearing  
3           in a separate column, and the second such  
4           statement shall appear in the same column as  
5           the statement required by subparagraph (B) re-  
6           garding fixed rate loans and the third such  
7           statement shall appear in the same column as  
8           the statement required by subparagraph (B) re-  
9           garding adjustable rate loans;

10           “(D) ‘Your Estimated Interest Rate (APR)  
11           is’, ‘\_\_\_\_\_ %’, and ‘\_\_\_\_\_ % initially, then it  
12           will adjust. In \_\_\_\_\_ months, Your rate may  
13           adjust to a maximum of \_\_\_\_\_ %’, each state-  
14           ment appearing in a separate column, the sec-  
15           ond such statement shall appear in the same  
16           column as the statement required by subpara-  
17           graph (B) regarding fixed rate loans and the  
18           third such statement shall appear in the same  
19           column as the statement required by subpara-  
20           graph (B) regarding adjustable rate loans, and  
21           the blanks relating to estimated interest rate  
22           shall be completed by the lender using an an-  
23           nual percentage rate determined in accordance  
24           with the Truth in Lending Act.

1           “(E) ‘Your Total Estimated Monthly Pay-  
2           ment (Including loan Principal and Interest,  
3           and property Taxes (*based on current rates*) and  
4           Insurance (PITI)) is’, ‘\$\_\_\_\_\_ which rep-  
5           resents \_\_\_\_\_% of Your estimated monthly in-  
6           come’, and ‘\$\_\_\_\_\_ which represents  
7           \_\_\_\_\_% of Your estimated monthly income.  
8           When Your interest rate initially adjusts, Your  
9           maximum monthly payment may be as high as  
10          \$\_\_\_\_\_ which represents \_\_\_\_\_% of Your  
11          estimated monthly income’, each statement ap-  
12          pearing in a separate column, and the second  
13          such statement shall appear in the same column  
14          as the statement required by subparagraph (B)  
15          regarding fixed rate loans and the third such  
16          statement shall appear in the same column as  
17          the statement required by subparagraph (B) re-  
18          garding adjustable rate loans.

19          “(F) ‘Your Rate Lock Period is’ and  
20          ‘\_\_\_\_\_ days. After You lock into Your inter-  
21          est rate, You must go to settlement within this  
22          number of days to be guaranteed this interest  
23          rate.’, each statement appearing in a separate  
24          column.

1           “(G) ‘Does Your loan have a prepayment  
2           penalty?’, ‘YES, Your maximum prepayment  
3           penalty is \$ \_\_\_\_\_’, and ‘NO’, the first such  
4           statement and the last two such statements ap-  
5           pearing in a separate column, and each of the  
6           last two such statements preceded by a  
7           checkbox.

8           “(H) ‘Does Your loan have a balloon pay-  
9           ment?’, ‘YES, Your balloon payment of  
10          \$ \_\_\_\_\_ is due in \_\_\_\_\_ months’, and ‘NO’,  
11          the first such statement and the last two such  
12          statements appearing in a separate column, and  
13          each of the last two such statements preceded  
14          by a checkbox.

15          “(I) ‘Your Total Estimated Settlement  
16          Charges Will be \$ \_\_\_\_\_ (a)’ and ‘Your  
17          Total Estimated Down Payment will be  
18          \$ \_\_\_\_\_ (b)’, each statement appearing in a  
19          separate column.

20          “(J) ‘Your Total Estimated Cash Needed  
21          at Closing Will Be’ and ‘\$ \_\_\_\_\_ (a+b)’,  
22          each statement appearing in a separate column.

23          “(K) *‘This represents a simple summary of  
24          Your Good Faith Estimate (GFE). To under-  
25          stand the terms of Your loan, You must see dis-*



1           *closure forms and the Truth in Lending Act.*,  
2           such statement appearing directly below the en-  
3           tirety of the remainder of the disclosure.

4           “(2) STANDARD FORM.—

5                   “(A) DEVELOPMENT AND USE.—The Sec-  
6           retary , in consultation with the Secretary of  
7           Veterans Affairs, the Federal Deposit Insurance  
8           Corporation, and the Director of the Office of  
9           Thrift Supervision, shall develop and prescribe  
10          a standard form for the disclosure required  
11          under this subsection, which shall be used with-  
12          out variation in all transactions in the United  
13          States that involve federally related mortgage  
14          loans.

15                   “(B) APPEARANCE.—The standard form  
16          developed pursuant to this paragraph shall—

17                           “(i) set forth each statement required  
18                           under a separate subparagraph under  
19                           paragraph (1) on a separate row of the  
20                           disclosure;

21                                   “(ii) be set forth in 8-point type;

22                                   “(iii) be not more than 6 inches in  
23                           width or 3.5 inches in height;

1                   “(iv) include such boldface type and  
2 shading as the Secretary considers appro-  
3 priate;

4                   “(v) include such parenthetical state-  
5 ments directing the borrower to the terms  
6 of the loan (such as ‘see terms’) as the  
7 Secretary considers appropriate, in such  
8 places as the Secretary considers appro-  
9 priate; and

10                   “(vi) be located in the upper one-third  
11 of the first page of the good faith estimate  
12 required under subsection (c) in a manner  
13 that allows the identity, address, phone  
14 number, and other relevant information of  
15 the lender, the identity, address, phone  
16 number, and other relevant information of  
17 the borrower, and the address of the prop-  
18 erty for which the federally related mort-  
19 gage loan is to be made, to be located  
20 above the standard form.”.

21           (b) REGULATIONS.—The Secretary of Housing and  
22 Urban Development shall issue regulations prescribing the  
23 standard form and the use of such form, as required by  
24 the amendment made by subsection (a), not later than the  
25 expiration of the 180-day period beginning upon the date

- 1 of the enactment of this Act, and such regulations shall
- 2 take effect upon issuance.

