

AMENDMENT TO H.R. 1852
OFFERED BY MR. MCHENRY OF NORTH
CAROLINA

Page 38, after line 2, insert the following new section:

1 SEC. 20. REQUIRED MORTGAGE DISCLOSURES.

2 Title II of the National Housing Act (12 U.S.C. 1707
3 et seq.) is amended by adding at the end the following
4 new section:

5 “SEC. 257. REQUIRED MORTGAGE DISCLOSURES.

6 “(a) REQUIREMENT TO PROVIDE.—The Secretary
7 may not insure any mortgage on a 1- to 4-family residence
8 under this title unless the mortgagee under the mortgage
9 has provided to the mortgagor the written disclosures re-
10 quired under subsection (b), not later than three business
11 days before execution of the mortgage, and the mortgagor
12 has signed the disclosure under subsection (b)(1) and re-
13 turned such disclosure to the mortgagor.

14 “(b) CONTENTS.—With respect to a mortgage, the
15 written disclosures required under this subsection are as
16 follows:

17 “(1) STATEMENT OF MORTGAGE FACTS.—A
18 single page, written disclosure regarding the mort-

1 gage that sets forth, in accordance with such re-
2 quirements as the Secretary shall, by regulation, es-
3 tablish—

4 “(A) the amount of the principal obligation
5 under the mortgage;

6 “(B) the loan-to-value ratio for the mort-
7 gage;

8 “(C) the final maturity date for the mort-
9 gage;

10 “(D) the amount and due date for any bal-
11 loon payment under the mortgage;

12 “(E) the amount of any prepayment fee to
13 be charged if the mortgage is paid in full before
14 the final maturity date for the mortgage;

15 “(F) the initial interest rate under the
16 mortgage expressed as an annual percentage
17 rate, and the amount of the monthly payment
18 due under such rate;

19 “(G) the duration during which such initial
20 interest rate will be charged;

21 “(H) the fully indexed rate of interest
22 under the mortgage expressed as an annual
23 percentage rate and the amount of the monthly
24 payment due under such rate;

1 “(I) the maximum possible rate of interest
2 under the mortgage expressed as an annual
3 percentage rate and the amount of the monthly
4 payment due under such rate;

5 “(J) the monthly household income of the
6 mortgagor upon which the mortgage is based;

7 “(K) the amount of initial monthly pay-
8 ment due under the mortgage, and the amount
9 of such initial monthly payment plus monthly
10 amounts due for taxes and insurance on the
11 property subject to the mortgage, both ex-
12 pressed as a percentage of the monthly house-
13 hold income of the mortgagor;

14 “(L) the amount of the fully indexed
15 monthly payment due under the mortgage, and
16 the amount of such fully indexed monthly pay-
17 ment plus monthly amounts due for taxes and
18 insurance on the property subject to the mort-
19 gage, both expressed as a percentage of the
20 monthly household income of the mortgagor;

21 “(M) the amount of any points to be paid
22 by the mortgagor under the mortgage and the
23 aggregate amount of any other closing costs in
24 connection with the mortgage;

1 “(N) a name, telephone number, and elec-
2 tronic mail address that may be used by the
3 mortgagor to obtain information regarding the
4 mortgage;

5 “(O) an authorized signature of the origi-
6 nator of the mortgage;

7 “(P) a blank space for the signature of the
8 borrower; and

9 “(Q) immediately above such blank space,
10 a conspicuous statement in bold typeface, in all
11 capital letters, in a font at least equal in size
12 to the largest font otherwise used in the disclo-
13 sure, as follows: ‘DO NOT SIGN THIS IF
14 YOU DON’T UNDERSTAND IT!’.

15 “(2) STATEMENT OF DEFINITIONS AND EXPLA-
16 NATIONS.—A two-page written disclosure that sets
17 forth, in accordance with such requirements as the
18 Secretary shall, by regulation, establish, basic easy-
19 to-understand definitions or explanations, for pur-
20 poses of residential mortgages, for all of the fol-
21 lowing terms: appraised value, types of loans, initial
22 interest rate, fully indexed rate of interest, max-
23 imum possible rate of interest, monthly household
24 income, monthly mortgage payment including taxes
25 and insurance, fully indexed housing expense ratio,

- 1 prepayment fee, balloon payment, payment option
- 2 loan, points, and closing costs.”.