

From: Sally J. Feistner, Kansas City, MO
Subject: Truth in Lending

Comments:

Date: Feb 09, 2009

Proposal: Regulation Z - Truth in Lending
Document ID: R-1340
Document Version: 1
Release Date: 12/05/2008
Name: Sally J Feistner
Affiliation:
Category of Affiliation:
Address:
City: Kansas City
State: MO
Country: UNITED STATES
Zip: 64199
PostalCode:

Comments:

Commerce Bancshares, Inc. Compliance Department, TB12-1 922 Walnut P.O. Box 13686 Kansas City, MO 64199-3686 February 9, 2009 Office of the Comptroller of the Currency 250 E Street, SW Mail Stop 1-5 Washington, DC 20219 Delivered via email: regs.comments@occ.treas.gov RE: Docket ID R-1340 Dear Sir or Madam: Commerce Bancshares, Inc. is a registered bank holding company with total assets of \$17 billion at September 30, 2008, and one bank subsidiaries. The bank is a full-service bank, with approximately 360 branch locations in Missouri, Illinois, Kansas, Oklahoma, and Colorado and card operations in Nebraska. A full line of banking services, including investment management and securities brokerage are offered. The Company also has operating subsidiaries involved in mortgage banking, credit related insurance, and private equity activities. We appreciate the opportunity to comment on the proposal to amend Regulation Z to eliminate the inconsistencies between Regulation Z's existing requirements and the statutory requirements of the Mortgage Disclosure Improvement Act of 2008, as published in the Federal Register on December 10, 2008. In our opinion this has been accomplished by the proposed changes. We would request that the three business day after application and the seven business day before consummation timeframe remain under the general definition of business day and not the more precise definition used for calculating the rescission period. Under MDIA, to expedite consummation of a mortgage transaction, a consumer may modify or waive the timing requirements for the early disclosures when the consumer determines that the credit extension is needed to meet a bona fide personal financial emergency. However, the consumer must have received the disclosures required by §226.18 at or before the time of the consumer's modification or waiver. In the proposal the example provided is "imminent sale of the consumer's home at foreclosure during the three day waiting period" which is the same example provided for high-cost mortgages under §226.31(c) (1)(iii)-1. We would ask that this example be referenced for §226.15(e)-1 and §226.23(e)-1 to provide consistency as to what is deemed to be a bona-fide personal financial emergency for rescission also. In regard to whether or not the modification or waiver provisions should be more or less

flexible than existing procedures for waiving rescission or modifying or waiving the waiting period for high-cost mortgages transactions we would have to respond "No." Given the example used as the bona-fide personal financial emergency, this would be implied to be an allowable reason for waiver of rescission also. Therefore, the modification or waiver process should be consistent with what is required for a waiver of rescission. The purpose of the extended periods is to protect the consumer. Having requirements any less stringent than what are required for the waiver of rescission would make it harder for a financial institution to ensure compliance with the rules and be adverse to the intent to protect the consumer. The proposed change to when redisclosure is required states: If the annual percentage rate disclosed in the good faith estimates required by (a)(1) of this section becomes inaccurate under §226.22, the creditor shall make corrected disclosures to the consumer under §226.18 with an accurate annual percentage rate, as determined under §226.22, and all changed terms. If the APR at closing is below the stated 1/4 or 1/8 of 1 percentage point tolerances(as applicable), we interpret this as to not require redisclosure three days prior to closing, since under §226.18(d) the finance charge would be greater than the amount required to be disclosed. We would ask that you provide comment on redisclosure in relation to an understated APR. You have asked, whether HELOC transaction-specific disclosures (such as APR, an itemization of fees, and potential payment amounts) should be required after application but significantly earlier than account opening, at least in some circumstances. For example: consumer takes a major draw on the account as soon as they open it. The funds may be used to finance a home purchase (usually, but not necessarily with a simultaneous closed-end loan) or an immediate expense (such as college tuition bill). We do not recommend making transaction-specific disclosures prior to closing. Not only would this be difficult to provide on interest only products, there are many times the consumer makes a last minute decision when to request a first draw. We see little benefit to the customer after the customer makes a draw and believe the current application disclosure provide appropriate examples of monthly payment amounts. We would like to continue to provide blanket examples in our early disclosures, but if necessary provide examples of different payment amounts based upon more draw amounts. In response to the question, whether it is necessary or appropriate to change the timing of HELOC disclosures and if so, what changes should be made - with all of the changes already required by Regulation Z and RESPA we would ask that no changes be made. If any changes would be made they should be postponed until the industry has had an opportunity to implement the changes required by HUD, Regulation Z, and by the MDIA. Sincerely, Sally J. Feistner, CRCM Compliance Research Administrator II