

New mortgage disclosure rules take effect Oct. 3

By BoNhia Lee
blee@fresnobee.com

The mortgage process isn't easy and it involves paperwork – lots of confusing paperwork.

But starting Saturday, a new federal change in mortgage disclosure rules will condense some of the paperwork to streamline the process and better prepare consumers to close a home transaction.

There could be some hiccups as the new rule is implemented. Fresno mortgage lenders say they've been told to expect longer closing periods from 30 to 45 days.

The [Consumer Financial Protection Bureau](#) is rolling out two new forms, a requirement under the Dodd-Frank Act, called a Loan Estimate and Closure Disclosure.

They replace the current Good Faith Estimate and Truth in Lending disclosures which are very confusing for the client, said Randy Dailey, division president of [Pacific Bay Mortgage](#) in Fresno. "It's very hard to read. It's a complicated form."

The new documents highlight the most important information for consumers on the first page: the loan amount, the interest rate, monthly payments, closing costs and any prepayment penalties and balloon payments. It also lists taxes and insurance and shows consumers how payments may change in the future.

"I think it's way better than what we're doing now," Dailey said. "It's going to help the clients understand the overall cost of the loan and what they are getting themselves into."

BoNhia Lee: [559-441-6495](tel:559-441-6495), [@bonhiale](#)