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Subject: Reg Z - Truth in Lending - HELOCs

Comments:

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Proposal: Regulation Z - Truth in Lending - Home-Equity Lines of Credit (HELOC)
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Comments:

Based on a previous comment from another interested party I am also agreeing with the comments as follows: Wholesale Lenders are rendering the broker's disclosures to be useless in transaction. The Wholesale Lender will only begin the M D I A initial fee restriction "timeline" from the date the Wholesale Lender discloses, not the date the Mortgage Broker discloses. Under current law, The Mortgage Broker is to comply with all RESPA laws. Here is a recent statement form a large wholesale lender retracting lender required disclosures, allowing initial T I L clock to begin from broker RESPA Disclosures. As you know our approach for Traditional business is that our TILA, issued at submission, would be used to start the clock and the brokers original TILA would start the clock for Enhanced/Table fund Brokers. After a thorough review with legal and compliance, we have decided to treat all originations the same and are in the process of changing coding in the system to enable an attestation to trigger at origination for all transactions and remove the 4 day appraisal order waiting period in Brokers 1st. Additionally we are finalizing an exception process to eliminate the 4 day mailing period if there are] .125% changes to the final TILA. What does this mean for other major lenders? (like Bank of America?) This is going to cost a consumer on average \$600.00 per transaction as a result of the additional time delay. A typical package for loan submission to the wholesale lender takes approximately (2) weeks to compile and verify all pertinent documentation. If we follow the wholesale lender's requirements, we will be at week number (3) before ordering the appraisal. This transaction will most likely take 5-6 weeks to close. I do not think this was the intent of the M D I A law. How can an approved F H A Non-supervised Loan Correspondent be excluded from the process? Was this the intent of the Federal Reserve Board? Is this policy being implemented by the Wholesale Lender approved by HUD, or F H A? Is this legal? Please review the following three examples: UNDER CURRENT LAWS (PRE-M D I A) July 1st Telephone application received by broker July 1st broker mails disclosures July 2-14 Compile all pertinent documents (receive returned disclosures, employment

verification, etc.) July 7th broker orders appraisal July 14th, appraisal received July 15th broker submits package to wholesale lender July 16th, wholesale lender mails disclosures July 20-28th, lender underwrites loan package July 30th close loan 4 weeks total NEW M D I A LAW BEGINNING 07/30/09 BASED ON BROKER DISCLOSURES August 3rd Telephone application received by broker August 3rd broker mails disclosures August 4-14 Compile all pertinent documents (receive returned disclosures, employment verification, etc.) August 7th first day appraisal can be ordered under M D I A (4) business day rule (based on broker disclosers) August 14th, appraisal received August 17th broker submits package to wholesale lender August 18th, wholesale lender mails disclosures August 20-28th, lender underwrites loan package August 30th close loan 4 weeks total NEW M D I A LAW BEGINNING 07/30/09 BASED ON WHOLESALERS INTERPRETATION OF M D I A LAW August 3rd Telephone application received by broker August 3rd broker mails disclosures (wholesale lenders do not view as valid M D I A source) August 4-14 Compile all pertinent documents (receive returned disclosures, employment verification, etc.) August 14th broker submits package to wholesale lender August 17th, Wholesale lender mails disclosures August 20-September 4th , lender underwrites loan package August 21st, first day wholesale lender allows broker to order appraisal August 31st appraisal received September 3-4 Underwriting reviews appraisal (delayed because appraisal ordered so late) September 8th close loan (delayed because of late appraisal review) 5 weeks total (consumer takes higher rate, or consumer pays more cost for extra week of rate lock averaging \$600.00) Appraisal ordered 18-days after brokers disclosed, wasting valuable time, and costing consumer longer rate locks / extensions. Mr. DeLoach, consumers are already paying additional costs to comply with the current H V C C guidelines. It is my hope that the current interpretation of the M D I A law by Wholesale Lenders be revised to include Mortgage Brokers as a valid source of consumer information. Our entire economy has always been based on "healthy competition" Those who have abused the system do deserve to be penalized. But this does not mean that all who work in this industry and have been very honest and very successful should also be penalized. Most of all, in an economy that is trying to survive and rebuild, this is very unfair to the borrower. This additional paperwork, additional disclosures, ADDITIONAL TIME AND COST to the consumer is not the solution. What is supposed to help them, so far, has only confused them with more and more disclosure documents (whatever happened to the paperwork reduction act?) and it has further angered them due to delays and additional costs. Please review not just my - but ALL comments. LISTEN and reconsider what is and has been proposed.