

From: Magnolia Mortgage Company, LLC, Tim Wilkes  
Subject: Reg Z - Truth in Lending

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Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages  
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Comments:

Please do not approve the proposed changes in R-1366. For the last 20 years, our company has responsibly assisted thousands of consumers with safe mortgage products to purchase a home or refinance their mortgages. However, should these proposed changes be implemented, they would: 1) Reduce consumer's choices. We would be restricted to only offering loans with higher closing costs, rather than the choice of financing some of those costs over the life of the loan. In many cases, this would mean that the consumer would not be able to complete the loan, as they simply do not have the funds required to close. This is not only harmful to the consumer, but also has a negative effect on the housing industry and the general economy; 2) Penalize borrowers with small loan amounts. The agencies (FNMA & FHLMC) have implemented adjustments in closing costs for certain characteristics, such as credit scores, loan-to-value ratios. There are also adjustments for small loan amounts. These changes would require these customers provide more money at closing, which would place undue hardship on them or for many would simply mean they can not close; 3) Reduce competition. These changes will actually put many lenders out of business. Lenders have endured many setbacks with the industry changes and the economy over the last couple of years. However, many would not be able to endure these proposed changes as it would devastate their ability to cover expenses. Eliminating this volume of competition would definitely put the consumer at a disadvantage as they would be forced to then do business with the very few remaining industry players, who would then be able to dictate higher profits for themselves and higher costs for the consumer. We encourage you to consider that, due to the industry changes over the past couple of years: 1) Disclosures are much better than before; 2) Most of the bad industry players are now gone; 3) There is much better Quality Control now throughout the industry. We recommend that we should at least wait to implement these or any

proposals until some time has been given to see what effect the new RESPA changes with the new GFE and HUD forms (which take effect on 01/01/10) have on consumer protection, the housing industry and the economy. Thank you for the work you do to improve our industry, benefiting consumers and for considering these facts.