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Subject: Reg Z - Truth in Lending

Comments:

Date: Dec 04, 2009

Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
Document ID: R-1366
Document Version: 1
Release Date: 07/23/2009
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In response to the Federal Reserve proposed amendment to regulation Z:
In light of today's markets and sweeping changes that are affecting all aspects of our industry, has the board stopped to measure the current regulations and guidelines that are in place? Further more do those that have proposed this concept fully understand the effect on all involved, both consumers and providers? Let me first state that more government in any form in a functioning society is what our four fathers skipped across the pond for hundreds of years ago. It appears that this new proposal has either been developed by those that own and control the major banks or a group of lawyers that have spent way too much time reading horror stories and no real time studying how the process truly works. IMPROPER STEERING; In any free market society there are individuals that will attempt to take the least favorable course of action. Did we not just have one of our fifty Governors this year try to sell a senate seat for personal gain? To implement a flat-fee agreement for the better interest of the consumer, would simply confuse the consumer more than the current regulation already have. Evident in this proposal is the fact that we already have current regulations that have not even gone into effect yet to curb this perceived issue. Let's say you go into subway to order a sandwich Why did you choose them? The price of your sandwich is \$4, not much but consider the scope that millions do this every day. How much does this sandwich cost the location you are at? Cold I get it for less at another location? (Rent, Labor cost, Food cost-supplier, cost of living). Should you pay more for it in LA instead of Kansas City regardless of the variables? Can a different company provide a similar product? But I think I should know how much profit each location and or company is making and it should be provided for me at the time of my purchase with updated information current to the days cost information, IE- wages for staff on hand. The company is offering a promotion or a coupon, how does this effect the whole transaction? This sounds like a

harmless transaction; who is going to enforce the regulation and to what cost? Ok, you pick off one or two here and there but have you really solved your perceived issue. There are variables in each transaction that affect each consumer differently. Lets simply look at the cost of the Risk Based adjustments for conforming loans, why should a consumer with a 645 credit score have to pay 3% premium of their loan verses a consumer with a 740 score not pay any additional premium? The answer we are given is that they represent a greater risk, but does that excuse the fact that their \$250,000 loan should cost them \$7,500 more? Who is getting that premium and why? **LESS COMPETITION;** In today's market there is already less competition due to the tighten guide lines and the inability to provide a product to help those that could benefit. This regulation would further reduce the options for consumers due to the fact that to stay in business; one needs to be profitable. I am sure that those of you on this committee used money from your personal resources to run for office when you were elected. Those funds were earned in one way or another at one point or another by providing a product or service that generated a profit. It would appear that big banks are proposing these guidelines since it is them, that all others are their competition, the fact that current and proposed regulations do not require these entities to be held to the same standards of disclosure. This proposal would simply empower them even more by controlling cost more than they already do by letting them set the cost on the back side of the transaction that your proposed guidelines support. In summary to pass anything that looks like this proposal would be doing the public a great disservice by reducing competition and making a strange process even more difficult for the average consumer to understand. Those of use still in the mortgage industry do understand that it is import for each legislator to have a cause in which they can earn value for in their appointment, Guidelines are important to control fraud and spur fair competition, however our industry has had more than its fair amount of oversight and it is time to monitor and asses if not police the current legislation in place, to determine if more or less is a prudent course of action at this time. Sincerely, Eric Christianson Owner First Federated Mortgage