

From: Jennifer Stewart
Subject: Reg Z - Truth in Lending - HELOCs

Comments:

Ladies and Gentlemen:

I am a loan officer with First Bank Mortgage and a member of MBAG. I have been in the mortgage industry since 1986. I am writing to voice some concerns that have been brought to my attention.

As a member of MBAG I am proud of the Board's intentions to change the process as to protect the consumer; however I do believe that some of the proposed changes may be too extreme. We have had so many changes within the secondary market that a majority of the concerns are being addressed just by restrictions we have put into place ourselves. With some of the waiting periods consumers are having to go through with the current disclosures are causing more problems for them than good.

The implementation cost that lenders are going to have to go through in order to impose the new disclosures is going to be very costly that the lenders and consumers will have the bare the cost for. And in most cases will shut down some of the most professional mortgage lenders in the business.

As a member of the MBAG we are strongly asking the Board not to enact a new regulation before 2011 and that any regulatory changes not go into effect until 2012.

APR Calculation

While MBAG favors the simplification of the calculation of the APR. MBAG believes that the proposed change needs to have a corresponding change in the calculation and definition of "Section 32" high-cost loans. Those customers seeking lower loan amounts will be discouraged because such loans would constitute high-cost loans. Which would result in members of MBAG increasing their minimum loan amounts.

Georgia's "high-cost" mortgage loan threshold is even lower than that set forth under HOEPA. Hence, the proposed changes will have an even greater impact on low income consumers in Georgia.

Disclosures required Within Three Days After Application

As a member of MBAG I am urging the Board and HUD to work together on one set of early disclosures. This would simplify things even more for the consumer. As they stand now I can see where they would be very confusing to the average consumer. We think consumers would be less confused if terms "interest and settlement charges" were used. In speaking with my customers in length about the loan they are applying for, in the end they will tell me the most important part of the entire process is to know what their monthly payments will be. And how much money will they need at closing.

We are also asking that the Board not to require an additional disclosure and waiting period absent an APR change outside of the tolerance. With the Reg. Z changes in July we fill the MDIA ensures that consumers will not go to a closing and discover a significant increase in their APR. The challenges in the industry has already increased consumer frustration with the process and extended time periods from application to closing.

We ask that the Board consider a revision to Reg Z to provide that any over disclosure of the APR will constitute a permitted tolerance so that re-disclosure is not necessary for a decreased APR. Over disclosure does not

result in the consumer being over charged at closing and if re-disclosures is required and a waiting time is imposed may harm the consumer. Instances may be from required procedures under the purchase and sale agreement or if in the situation of a refinance where additional interest charges will become due based on debts being paid off. The added delay could also impact interest rate locks resulting in higher interest rates and additional fees.

As a member of MBAG we favor the second approach resulting in re-disclosure and additional waiting period only if the APR charges increase beyond the tolerance.

Originator Compensation

I feel that the proposal of prohibition of payments to the LO based on the Terms and Conditions of the loan would be more harmful to the consumer than the Loan Officer. It would discourage LO's from working with those consumers that need us most. The first time home buyers, those with credit challenges and those seeking lower loan amounts. These types of consumers can possibly take up a great deal of your time throughout the process in helping to clarify and correct some of their issues. Many MBAG members fear that these consumers would be underserved and not served in a timely manner.

These changes have the potential of running experienced loan officers out of the business. Loan Officers that are members of MBAG and participate in the activities of this group are some of the most professional people in the industry. While many of us are compensated based on loan terms, our consumers are educated on their choices relating to interest rates and closing cost so that they can make an educated choice.

With some variance in compensation that would allow consumers to pay for additional service helping to ensure that LO's would still serve more challenging consumers.

As a MBAG member I believe that the things we have seen in the industry in the past, as to abusive behavior based on compensation has been corrected by the market itself. We do understand the Boards stand on consumer protection. As I mentioned in the beginning of this email I have been in the industry since 1986. I have seen a lot of things change and a lot of things come full circle. I love what I do being able to help someone purchase a home for the first time or even the second or third is still a rewarding feeling. You are helping someone's dreams come true. Yes it may take some extra hours to do it and some hard work in some cases but it is still worth it. Saying that, I would also like to say that yes this time does take me away from my own family. In some cases it can be for some pretty lengthy periods of time and I think being compensated for that time should be considered. MBAG has proposed a number of alternatives in lieu of compensation based on the principal amount of the loan, because the principal loan amount generally does not determine loan originator compensation.

I appreciate your time and efforts.

Respectfully,

Jennifer D. Stewart