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Subject: Reg Z - Truth in Lending

Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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Dear Sirs; I've been in this industry for the last 20 years and the changes that you are thinking about are un-needed. The problem was the sub-prime markets, and the re-birth of the pay option ARM. Neither of those terrible products are alive anymore. If you look back that pay-option ARM died a quick death in the 80's and again in 2007. With the SRP's that were paid to the brokers by the banks that offered the pay-option ARMS there was a huge influx of people that wanted to take advantage of borrowers, or become lenders to take advantage of friends. It was the biggest mess I've ever seen!! Now that those two programs have passed, I believe 90% of the problems have passed also. I have a problem with government getting involved where I don't believe it should be, but it wasn't the originators that created the problems, it was the banks for offering the products with the enormous YSP's. I would say that the whole problem was created by greed on every level. I know originators in my little town that offered nothing but the pay-option ARM, not only that, but held classes on how to sale the program for real estate agents. I'm sure you know how the sales pitch was put into action, as in make the lower payment and invest the difference in the stock market. I agree that it was a big problem in the making for a few years, but now, it over. There is really no need to limit YSP's. If the you pass laws that limit YSP's and there ends up being a "flat fee" a couple of things will happen; one is that there will only be a few options available for obtaining a mortgage, and I'm guessing it would be the big four banks mostly. The other is that if you do that for the housing industry, are you going to regulate the F & I departments for all the car dealerships? It works on the exact same theroery!! Now I need to tell you I was one originator that did no pay-option ARMS. Maybe because I was around and saw how they worked before, or maybe I'm just a little smarter than the average originator. In any case all the work that's going into these changes are only going to make buying a home MORE CONFUSING FOR THE HOME BUYER!! Thank you for your time. Lon Alward