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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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Comments:
To Ben Bernacke and the members of the Federal Reserve Board. I want to begin this set of comments by thanking you. Our country was on the brink of an economic collapse and your policies, interest rate cuts, and unprecedented stimulus programs saved us from financial ruin. I applaud your efforts to do what is best for the greatest portion of our country in a fiscally responsible manner. Which leads me to my thoughts on your new Reg Z Truth in Lending proposal (R-1366). I want to begin by saying that I''m not just another whiny, self-serving mortgage broker looking to put a stop to this pending legislation that will destroy my livelihood. You''ve heard that argument. As you sit in your closed committee meeting and consider what is best for the country and the citizens who have and would like to obtain home financing, I''d like you to consider a few things. 1. Housing drives our economic engine. In Florida, we have seen a meteoric rise and fall in our property values, and in turn, our job market has slowed to the pace of a dripping faucet. My county has an unemployment rate of over 12%. We need housing starts and home sales. We need policies that encourage qualified buyers to capitalize on affordable home prices. You have done an amazing job with your MBS purchase program and rates are incredibly attractive right now, however, we are finding that it is becoming increasingly difficult to get our hands on that money for our clients. What good are low rates if lenders aren''t willing to make mortgages? If you decide to pass this piece of legislation you are going to do much harm our recovery as you will be essentially shutting down a substantial conduit for many borrowers to get loans done and purchase or refinance their homes. We cannot afford another round of out-of-context, ill-measured policies at this point in our economic rebound. Without mortgage brokers, the banking institutions would be inundated with clients looking for financing and their already
strained lending and underwriting departments would surely become bloated and even less efficient. Turn times would slow to 60, maybe even 90 days. Rates

would creep up in kind to slow the business. And as your $1.25T MBS purchase winds down, I think you will see a substantial disconnect between your intentions and your reality. You have this one chance to get it right, and I implore you to reconsider the restrictions on YSP and allow mortgage professionals to serve their clients in the here and now as we are all working to be part of the solution. 2. Many of the problems of yesterday have corrected themselves. Our economy is resilient. While I''m not suggesting deregulation as a fiscal policy, I also see the danger in knee-jerk over-legislating as well. The crooks, soccer moms, order takers, and opportunists have exited the mortgage industry. In Florida, our state licensed mortgage brokers have dwindled to a third of what we had in 2006. There''s just no money to be made in

this business unless you know your lending guidelines, understand how to properly structure loans, earn a borrower''s trust by fully educating them on their options, and coordinate all the service providers in a timely and efficient manner to successfully close a transaction. I''m all for the improved, easier to understand disclosures you propose in this updated Reg Z. But to attempt to make changes to Reg Z that in some ways mimic a mandated morality in our profession; that''s just sour grapes. Yes, the consumer needs protected. I''m all for fingerprints, background checks, yearly exams, and audits. A license shouldn''t be taken lightly and it should be revoked forever if you commit loan fraud. But trying to manipulate the compensation system for mortgage professional is more complex than simply "Prohibiting payments to a mortgage broker or a loan officer that are based on the loan''s interest rate or other terms." What has happened to your trust in the basic intelligence of the general public? I''m pretty sure every stone has been turned over and every dark corner in the lending world has been illuminated in the media the past 3 years. Subprime is gone. Option ARMS have disappeared. And the average person is far more educated on lending options than they were 5 years ago. I''ve read through hundreds of comments in regard to this matter and most of them point out the advantages of YSP to the client. We really do have their best interest in mind, and the survivors in this industry have done so by being creative, relational, and ambitious. All qualities we should continue to foster not squelch with punitive legal posturing. The Federal Reserve has become the hero of the day. I do not envy your role or the responsibilities that come with creating fiscal policies. But I implore you to hotly debate the aspect of broker compensation and consider that in a free market system, competition has always proven to be the most subtantial benefit to the consumer.Suspend this piece of Reg Z for a year and revisit this matter and continue the tireless work in helping our economy slowly recover to its robust and healthy state. I welcome any comments, questions, and thoughts and I can be reached at xxxxxxx or my e-mail at xxxxxxxxxxx Thank you for your time and may God be with you in the days ahead.