

From: John Smoley  
Subject: Reg Z - Truth in Lending

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Comments:

Dear Sirs:

I have read some of the "logic" and arguments proposed regarding mortgage broker compensation in the August 26, 2009 Federal Register.

I was flabbergasted on several fronts. Firstly, at the arrogance, and obnoxious assumption that the Federal Government has any duly delegated authority in which to determine how much income anyone should earn. With the rampant corruption, ineptitude, waste, abuse, fraud, and prejudice that any government bureau or program is rife with, how in the world can the aforementioned amoral agencies dare to point a finger at any private enterprise and accuse them of taking advantage of an "under informed" public? Maybe before you fixate on whatever "greed" real or imagined is in the Mortgage Broker community, how about dealing with the multi trillion dollar fraud of AIG, Fannie Mae, Freddie Mac, HUD?, Or for that matter, the trillions of dollars the Federal Reserve has pissed away without any accounting for? We have the FED printing up trillions of dollars of counterfeit money to prop up their Maddoff/Ponzi schemes of social security/Medicare etc, and soon to be Government Health Care, and yet you all find the time to print up 195 pages of mortgage broker bashing, and micromanagement schemes of "leveling the playing field?" I especially enjoyed the few contradictions and conundrums that the authors of this abomination actually realized. For example the small loan vs the large loan differential in compensation, and the unintended consequences that would adversely affect the very "poor" that the implementation of the new socialistic rules would create.

Government is the apex of organized crime, the more government the more crime. The more regulations the more corruption and waste created. I have been a mortgage broker since 1987, and previously was a real estate broker for eleven years. Since 1976 I have seen an increase in regulations and paperwork related to this industry. In 1976, a purchase agreement consisted of two pages, and the escrow instructions were generally front and back of one page. Now there are literally hundreds of papers for home buyers to sign. Their eyes glaze over at each appointment. What has been the result of all the new disclosures? More cost, more time wasted, and an exponential rise in defaults. The buyers are swarmed over with meaningless paperwork, pay more fees because of all this "regulation", and now are less informed to reality than ever, and defaults are at all time highs.

This reminds me of the "war on poverty" and the "Great Society". Trillions of dollars, more wasteful bureaucracies, fraud, abuse, etc rampant, and we still have the poor, only now the illegitimate births have soared, crime has soared, drug dependency has soared, and obesity has soared. Throwing money at stupidity does not work. Same with the "need" to "fix" mortgage industry, it used to be the free market worked just fine for the borrowers. Realtors had access to several lenders, over time the good ones who knew their job and delivered low rates got the most business. Buyers got a great rate, and great service without the Nanny State having its bureaucrats and regulators wasting paper, time, money, and options. Now the buyers pay more

for their loans, as all the regulations and mandates require more parasitic employees to be placed on payroll to comply, and these higher costs are passed on down to the customer. So as usual the government hurts or destroys the very ones they pretend to looking out for. Appraisals cost more, and are much less thorough and professional thanks to HVCC. If a buyer finds a better price with another lender, thanks to HVCC he must pay another \$450 for another low quality appraisal, since lenders will no longer accept other appraisals due to HVCC nonsense. Again the consumer is financially hurt due to government's "caring" for him. In the case of lower priced homes, paying twice for an appraisal is very deliterious. Ronald Reagan said , " the 11 scariest words in the English Language are, "we"re from the government, and we"re here to help".