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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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To Whom It May Concern: I am writing to express my concern about the proposed FRB changes to both HELOC and closed end mortgages and the subsequent negative impact to the economy, particularly during the current recession. I have a BBA in Economics and Finance and an MBA as well, and I have originated mortgages as both a mortgage banker and a mortgage broker for over nine years, so I feel I have a good pulse on the effects of the proposed actions. First, the proposed changes will hinder consumer choice as well as hinder the availability of credit. The country is currently in the throws of the worst recession since the 1930's, and consumer (and commercial) credit is getting tighter. The proposed changes will force customers into a "call center" environment housed solely by the largest of banks to apply for a mortgage. The employees are not incented, they are salaried. They are paid regardless if a loan is funded or not, so there is no incentive to meet the timely needs of the real estate market. In turn, this will completely slow down the transacting of residential real estate. For example, loans will take 60 to 90 days to close versus the 20 to 30 days currently being seen. That impacts purchases which impacts the sale of a home and subseqent home purchase of that seller. It is a domino effect. That will slow both new home and existing home sales (both major economic variables for the country) into a very slow growth pattern right when the country needs economic stimuli. Correspondingly, the large banks feel no pressure to hustle to find mortgage solutions for the customer resulting in a very narrow set of choices as the large banks find ways to completely mitigate risk. Secondly, to date in 2009, I believe the federal government has done a superb job of weeding out the negative issues that has surrounded this industry. There are no more sub-prime lenders and no more of those programs-- they are gone. Shady brokers, appraisers and realtors are being knocked out of business at the street level. We see it every day. All of this has happened as the federal government and state governments have made these

institutions accountable. It is important to note that the bundling of securities infiltrated with sub-prime paper was not the consumers' fault. It was not the individual loan officer's fault. It was the fault of the big banks and investment firms being driven by the demands of Wall Street. Wall Street firms and banks created the products, sold the products and then delivered the products in a way that was hard to detect and in many cases delivered (i.e. sold) fraudulently. Lastly, the impact to my income and my family's income will be drastically reduced. In fact, I will leave the mortgage lending business if these proposed changes are set in place. In all due respect, the proposed limits on mortgage loan officer income are in direct contrast to the ideals of capitalism and the free market system. There are very, very few places in the USA

where the government has limited the income and income potential of a worker or a position. In fact, I can only think of one place: the military and its pay grades. If the proposed changes in loan officer income are indeed passed, good, hard working and honest loan officers like myself will be forced out of the business because they can't support their families. Loan officers like me, care for these customers. We look out for customers' best interests to find them a solution that meets their budget and needs. Why? Because if we do not do all of this, we do not get referrals or repeat business-- and that is the key to making a living in the mortgage industry. Repeat business and referrals from customers is how dentists, retail stores, CPAs, lawyers, restaurants and just about every other business in America survives. The proposed changes would kill that incentive and thus kill an industry that supports tens of thousands of jobs in originating, processing and underwriting loans. Please revisit the changes. The government has fixed the issues. The results will be coming in the next months and years as the wheat has now been separated from the chaff.

Respectfully, Joel Richardson
PrimeLending, A PlainsCapital Co