From: Jason Miller

Subject: Reg Z - Truth in Lending - HELOCs

Comments:

Date: Dec 11, 2009

Proposal: Regulation Z - Truth in Lending - Home-Equity Lines of Credit (HELOC)
Document ID: R-1367
Document Version: 1
Release Date: 07/23/2009
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Comments:
This hits the nail on the head. I agree with these comments. We have just come through the worst housing/mortgage market since the Thirties. Our housing/mortgage system from Main Street to Wall Street has been shown to be riddled with issues. Many of the good lenders have been pointing this out since TILA was enacted in 1968 but to no avail. These new TIL regs are the last changes to be enacted. They are being enacted without seeing the effect of the many regs previously and currently being rolled out. As eager as you may be to make up for lost time or to fix horrible wrongs, the key to all solutions is to Do No Harm. I have been in the Home Lending Business since 1986. I have worked for local banks, national banks, national mortgage lenders and currently for a regional mortgage banker. I have been an originator, underwriter, manager and executive. These are my observations given my experience above: --I am shocked that the fed would believe that a customer should continue to shop and make various applications during the process of obtaining financing. The costs of processing a loan including appraisal and credit add to the borrowers over costs and pricing. Encouraging customers to try and time rates while under the duress and time-line of buying a home is irresponsible. The shopping should be done in advance, and then an application should be made. If you believe terms shouldn't change then the customer should be required by law to lock in an interest rate at application and ALL must honor it. If a lender OR a borrower changes their terms or reneges during this period they BOTH should be liable. The history of lending is cluttered with lenders who closed their doors due to hedging/pull thru issues. Institutionalizing the playing of lenders till the end would cause lenders to raise the pricing to cover these loses. --You cannot change human behavior by socializing prices. In 2009 our government has changed appraisal process (incurring poor service levels, eliminating competition and increasing costs to consumer), adding the MDIA, adding long overdue loan officer licensing and regulation (which has eliminated over 70% of loan

officers and institutions while increasing costs and rates but leaving quality personnel and institutions), and instituting new GFE/RESPA guides (which solve many of the issues in this report). These changes will fix the large majority of issues without killing the industry that is needed to help the consumer navigate this new confusing world. LET THE CHANGES TAKE EFFECT before you add more! Any good physician knows that attempts to cure have to be given time, measured and watched, before new attempts to fix are attempted. Subprime, Option Arm, No Doc loans were not created by sales people but by institutions and investors. Stop the creation of weapons of mass destruction by controlling the arms makers not just the army who was asked to pull the trigger. This report is trying to fix problems that don't exist today (due to the closure of the secondary market, elimination of sub-prime and alt-a lending and eradication of the majority of brokers and non-bank companies) but can in the future. Take your time and get it right at the root cause and source. Having worked in banking or in large institutions, I have seen that there are always ways for margins to be made no matter what the regulation change. What the sales people were paid is not as important as what the customer paid vs. what the market rate was that day. Today lenders are enjoying their fattest margins in decades but their expenses are increasing at an ever higher rate. So the customer today is paying a higher market rate than they did a few years ago during all the lawlessness. Why? Less competition. Maybe its right that they should if that's what it means to get the process right; but they are paying more than they were. Also today I can provide a lower rate to a customer than a Wells Fargo and my loan officer will make more than the Wells employee. To you that would be wrong because he could have worked for nothing. He "steered" the customer to a higher rate; but it was still lower than Wells or Bank of America (institutions chosen to survive by the Fed and given advantages during our darkest hours). Let the remaining competition act with the new-better forms and better remaining professional licensed originators. Then measure it and see if it is still sick, before you forcibly operate and potentially kill a patient already on the mend. We appreciate as a profession that much needed regulation that has occurred after 30 years of inaction. The shock of these changes has thrown an anemic and ravaged industry into a tailspin. But snap judgments and emotional reactions from the public sector don't solve the issues in the private sector. The recent administrations alphabet soup of solutions to stem foreclosures is a perfect example. They were of minimal effect, great cost, and the public rejected the paerwork and
confusion. Do not kill the newly licensed and tested professionals who are needed to be advocates for the borrower and lender throughout the home buying process in order to eradicate the 5% of morally corrupt individuals potentially still lurking out there. Increase enforcement of all the existing regulations before you create more. It's only the good guys who play by the rules anyway. Without enforcement, only a handful of banks with no competition will be left with some rogue lenders who will be ignoring the rules without impunity. and who will protect the customer then?