

From: World Wide Credit Corporation , Ronald G Feinberg
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 am a 25 year veteran mortgage broker. I am the President and CEO of a mortgage banking firm which employs nearly 100 loan originators in San Diego, CA. I run a very responsible professional organization, which has been in business since 1991. I am highly disturbed by many of the nuances of the new proposed changes to Reg Z, and the effective elimination of YSP. Frankly, I fail to see the common sense in this response from the Fed to the recent "mortgage crisis". To me, it is letting the "tail wag the dog" to effectively punish and tie the hands of responsible mortgage professionals who remain in the lending industry, and who frequently are highly legitimate small business owners who create valuable jobs, and even more valuable services to consumers. This appears to be an over-reaction, which may sound good on the surface simply because it "cracks down" on "mortgage brokers and loan officers"....but what it does not do is make sense in consideration of our economy, and the dire consumer need for dedicated independent professional assistance in the most difficult lending environment in 60 years. What this proposal will do is to put undue power in the hands of the banks, who were an instrumental component of the "mortgage melt-down" which we have just gone through. It will virtually eliminate honest and necessary competition to the banks....checks and balances which are necessary and essential to economic growth and responsible lending. This change will hurt consumers much more than it intends to protect consumers. The simple fact is that most of the "problems" and "bad seeds" which built up over time to cause the mortgage crisis, have already been resolved and shaken out of the tree. The lending industry has completely, totally, changed in the past 24 months. The checks and balances of a traditional "full doc" (full document underwriting) lending environment

which now prevails, along with the fall-out and/or collapse of over 60% of the lending community over the past 24 months, has left a very responsible and experienced foundation of mortgage professionals in its wake. Simply put.....the problem CHILDREN have already gone. And the bad policies have already been changed. Those who are left are stronger, more experienced, more aware. I support prudent regulation, over-sight, and traditional conventional lending practices, especially as it relates to full disclosure of costs and fees to consumers. The practices of traditional full doc conventional lending have been tried and true for decades upon decades. It should not be thrown out the window as an emotional response to what just occurred in our economy. EVERYONE (banks, brokers, loan officers, regulators, Wall Street, etc) turned away from these tried and true prudent traditional lending practices over the course of a 10 year period (est), which led to the melt down we just experienced. But the key is.....had we stuck to those tried and true practices all along.....the melt down would have never happened. Its not necessary to re-invent the wheel and disrupt and destroy a]100 year old profession. What makes much more sense is to go back to the prudent experience and practices which that]100 years of experience has given all of us the benefit of knowing. If we eliminate or adversely alter the YSP concept.....most independent mortgage professionals will simply leave the profession. NOT because "the jig is up" on making money....simply because the very dynamics which provide for us to compete fairly and responsibly in the marketplace alongside the giant banking institutions.....will be gone, and we cannot survive. This will cause many valuable small and mid-sized companies who employ highly qualified and responsible people to close their doors. Consumers will no longer have these options, to choose to work with a dedicated independent mortgage professional who has the ability to scan the entire lending industry for the best products, rates, fees, for their clients....rather than being limited to a handful of banks product lines. The banks, who have already demonstrated an ability to make bad choices which are not in the best interests of the consumer, or the economy, will gain a virtual and practical monopoly on the mortgage lending industry. How can this be good for consumers, or for our economy? The better choice is clearly to support responsible independent mortgage professionals. It provides a necessary and essential service to consumers, which benefits our economy in many ways. The checks and balances are already in place with traditional conventional mortgage lending practices. It is a mistake to tie the hands of mortgage brokers, to make them ineffective in the marketplace. Please do not take such extreme steps as to put my professional organization in such jeopardy. My career has been about teaching, training, coaching, guiding, and supervising Loan Originators. We do a very good job of this at my company, and steer over 100 mortgage professionals in the RIGHT direction on a daily basis. This is the type of controls and influence that our economy, or industry, and the Consumer NEEDS. What you propose to do with YSP will likely cause me to go out of business very quickly. Regardless of my own personal desire to stay in business....I fail to see how losing this level of responsible professional activity in the marketplace is the right choice for our economy and industry. Thank you greatly for considering my comments.

Most respectfully,

Ronald G.Feinberg
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