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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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Dear Sir or Madam: I appreciate the opportunity to comment on the proposed rule amending Regulation Z with respect to closed-end mortgages. I am a loan originator working in Allen, Texas. Having witnessed first hand the subprime mortgage problems that began in 2006 I agree that additional consumer protections in the residential mortgage loan process were needed. However, I have some concerns with the proposals regarding loan originator compensation. Personally I believe that all of the sub-prime issues have worked themselves out. To my knowledge there is not one sub-prime lender that stayed in business, which is a good thing. The sub-prime companies were the one's offering the risky loans and then selling them on Wall Street to investors. It seems that any loan originator that made it through the tough times is viewed as a villain because of the sub-prime industry. As loan originators we did not write guidelines for loans nor did we underwrite these loans for approval. For the most part the only way borrowers are obtaining loans now is through government insured loans. As you know these types of loans are already heavily regulated and in recent months have had several changes that were enacted through the housing and economic recovery act. To date there are 5 new forms that must be completed to ensure you are disclosing properly to a borrower. There is the HERA, MIDA, HPML, FFIEC rate spread calculator, and on refinances a net tangible benefit worksheet along with the SAFE Act that has been put in place for loan originators. We are at a point where it's time for the government to slow down and give some time for all the measures that have been put in place to work. This proposal has the chance of putting thousands of loan originators out of business not to mention having the opposite effect that you want for the consumer. Fewer loan originators means less competition which leads to higher fees and rates for borrowers. We must all be aware that when we begin to control pay for industries capitalism is dead and socialism has begun. Once again, thank you for the opportunity to comment on the proposed rule. Respectfully Submitted, Nick DePalma