

From: Residential Mortgage, Roger Aldrich, George Porter and Steven Aldrich  
Subject: Reg Z - Truth in Lending

---

Comments:

Ladies and Gentlemen,

I'd like to comment on the proposed changes to Reg Z as they apply to our business. We are a relatively small Mortgage Banker in Anchorage, Alaska. We started out with 21 employees in 1998, a year where we closed about \$50 million in mortgage loans. Since then we have grown to nearly 200 employees and by year end 2009 we will have closed over \$1.5 billion in mortgage loans. We have enjoyed this unprecedented growth and success because of several reasons but most importantly because we hire the very best employees.

We also made a decision early on to limit our exposure in Sub-prime loans and to NOT make pay-option ARM's. While this strategy may have cost us some incremental income in the middle part of the past decade, it has proven to be the right course. Most of our competitors who were brokers and lived on sub-prime loans, are gone. The largest lender of pay-options ARM's in Alaska, Countrywide Home Loans, is also gone and the local branch manager was just released from prison this year for all the illegal loan activity that he oversaw in years past.

My point is that some portions of the proposed regulation are unnecessary. Eliminating commissioned loan officers would be severely detrimental to consumers. First, it would discourage loan originators from working with those consumers needing the most protection: first time home buyers, credit-challenged consumers and consumers seeking low loan amounts. Because of the time required to assist these consumers with the loan process, the incentive to work hard on this type of loan is gone. Another concern is that a change in the loan originator compensation structure would drive away experienced loan originators due to limitations on their income. Our highly motivated loan officers would have little incentive to work nights and weekends and would turn into typical "order takers." Even though our loan originators are compensated based on loan terms, most Alaskans today are educated about their choices relative to interest rate and fees. Most of our customers already shop others in our local market and on-line to look for the best deals.

While we understand the motivation to protect consumers we feel that the primary reasons consumers were abused during the past few years had nothing to do with loan officer compensation from legitimate, honest mortgage bankers. Most of the bad players are out of the market and the products that hurt consumers the most are no longer available. Consequently, the prohibition on loan originator compensation based on loan terms has been corrected by the market, thus rendering the Board's proposal unnecessary.

We appreciate the opportunity to comment on this very important proposal.

Sincerely,

Roger Aldrich  
George Porter  
Steven Aldrich

## Residential Mortgage