From: Michael Hall

Subject: Reg Z - Truth in Lending

Comments:

Date: Dec 21, 2009

Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
Document ID: R-1366
Document Version: 1
Release Date: 07/23/2009
Name: Michael Hall
Affiliation:
Category of Affiliation:
Address:
City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:
I know how to advocate for people, but if loan officer compensation restrictions are implemented, my days providing quality care are numbered. As a 21 year veteran of the mortgage business, I'm one of the good guys who lives by the golden rule, serves clients exceedingly well, gives 100% best efforts in legal compliance, treats all in good faith, and has survived while "doing things the right way". I have even built a consumer education website ww w. mymortgagebook.com to help borrowers understand their mortgage options. I operated my own mortgage brokerage, for 14 years until 2008, when I could not justify the swelling expense and risk associated with being "a small guy". This scenario has played out thousands of times over in every community in America, where the small guy has been squeezed out by regulatory and structural overhead...and now we are left with the top 4 banks occupying nearly 80% of the mortgage space. We have to ask whether that's healthy. I think not. In spite of best intentions, the recent swarm of new regulation (HVCC, MDIA, Red Flags Rule, etc.) is, simply put, choking off the ability of a vital industry to serve the American people. We're managing, barely, to comply with a stifling system of increasingly layered, convoluted, and often contradictory rules, and it's getting worse. Our staff is now having to invent and use preposterous checklists to ensure compliance with the patchwork of rules. We urgently need a moratorium on change while the we jointly (industry and government) can see the unfolding of consequences...many of which will be unintended. Proposed new restrictions on loan officer compensation (Regulation Z - Truth in Lending - Closed-end Mortgages [R-1366]) holds the potential for profound HARM to consumers. Here's why: If compensation is regulated as envisioned, we will see another wave of exodus from our industry. Only this time, those departing will not be mostly bad guys and incompetents as we have in the
past couple years, but the very BEST people in the business whose incomes are under siege. I guarantee that the people who will stay under a

price-controlled (read "price-limited") will either 1) be less experienced, less competent (NOT good for handling consumers' largest and most important financial transaction)...or 2) they will be forced to handle higher volume of transactions for fewer dollars, and the ability to deliver quality care/service/advice will suffer. Dumbed-down mortgage services would inevitably be in the hands of poorly paid, poorly trained, clerical staff with no incentive to get the client's dream transaction right. Picture offshore "customer-NO-service" 800 phone lines, and you get the idea. Simply put, if I am told tomorrow that I'm getting a 50% pay cut, I will be forced to either join the ranks of those others who've departed, or else cut WAY back on the time and care I'm able to deliver clients. This is a fork in the road. Let's make sure Americans don't suffer from a needless dumbing-down of a vital industry. Any new efforts should focus on enforcement and streamlined disclosures delivering new transparency, not price controls.