From: James P. Ryan, Jr.

Subject: Reg Z - Truth in Lending - HELOCs

Comments:

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Proposal: Regulation Z - Truth in Lending - Home-Equity Lines of Credit (HELOC)
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Comments:
James P. Ryan, Jr. Senior Loan Officer 8944 Waldren Way Lorton, VA 22079
December 24, 2009 Jennifer J.
Johnson Secretary Board of Governors of the Federal Reserve System 20th Street and Constitution Avenue, NW Washington, DC 20511 Dear Ms. Johnson: I appreciate the opportunity presented to comment on the proposed Regulation Z changes for the mortgage industry. I am a loan officer working in the Northern Virginia market for the last 15 years, so I was able to witness the sub prime fiasco first hand. I know very well some of the reasons for this melt down, and in many cases, the proverbial forest is being blocked by some of the trees. I am surprised and fearful that the full story is not being told, and the proposed regulations, although couched as "consumer protection" items, are going to have just the opposite effect, and will, in fact, result in higher costs, fees, and rates for consumers. This obviously will be disadvantageous to consumers both in the short and long run. I am at a loss where to actually begin, as this problem is complex, and needs many more pages of discourse than this letter will allow. I will be as brief as possible, and hope that you, or someone, will help get the FULL story out so that the rules, regulations, and laws coming will be based on that full story. First, not all loans and loan applications are the same. Some are very nuanced, and can require more than three times the time and effort compared to another loan. Many loans fall in the middle. Many times, when the initial application is taken, we have no idea what we are really getting into. All loans initially seem perfect! However, during the process, various issues can arise (and often do arise). If we were a legal firm, a medical firm, a contractor, this would be no issue. We would charge hourly, have an upfront deposit or retainer etc. But Mortgage Professionals charge little or nothing up front, deliver our services and spend resources (and real dollars) for loans, and ONLY get paid IF or WHEN the loan closes. There are very few professional services offered in this manner. Obviously, for harder loans, or loans that take more time and effort, we charge more. One size

fits all just does not work. Most folks do not have the option of paying these fees out of pocket, so today, we can adjust the rate a bit, and the Wholesale source pays us a bit more compensation, and the client gets their loan. I am afraid the changes to Regulation Z, coupled with the other onerous regulations and laws coming into effect, we are killing small to mid sized companies across the country that serve consumers today bringing them super service, lower rates (when compared to the major banks), increase competition, and in general, have served the US consumer very well. Please remember, Mortgage Brokers NEVER designed a loan program, NEVER set underwriting guidelines, and NEVER set YSP. We DID offer competitive, easily comparable rates and fees, so much so, that over the years, if you do your research, many articles in the media RECOMMENDED Brokers over the Big Banks to get the best rates and services. Just three years ago, Brokers generated over 60% of loan applications in the United States. This year, Broker business has dropped to just over 10% of loans originated. This legislation will be the final nail in the coffin, if instituted. Then the consumers will be at the mercy of the 8 or 10 Large banking institutions, effectively killing competition. This is NOT the free market society we stand for as Americans! Let's discuss the free market a bit here too, if I may. Mortgages can be complex and difficult to understand, no question. But part of the responsibility being a member of a free market society is that consumers EDUCATE themselves, shop around, and understand what they are buying. This is the HEART of our free market. More competition is generally good, and our society seeks to encourage that. This, coupled with the provisions in the SAFE act for backround checks, continuing education, and new RESPA regulations, and the fact most of the exotic sub prime loans are no longer available, should correct the past mistakes that created the crash. I respectfully ask that we wait and see if these measures complete the correction that most Americans feel is necessary before passing even more potentially onerous regulations that will end a way of life and service channel that has been HELPING Americans save real money on their mortgages. Regulations already passed and proposed, have forced many small and mid sized companies to close. The firm I have worked with for over 5 years is closing next month because of new RESPA requirements, State of Maryland and Virginia requirements, and the fear of ending YSP and SRP. Competition is dying before our eyes. It seems the penalties are being directed against those least able to discuss their issues. I also noticeNO pressure against the real estate agents and agencies, to my mind, one of the primary drivers of higher values, always pushing loan officers and appraisers for higher values. However, they have great lobbyists, the banks have great lobbyists, but the mortgage brokers are, by and large, small companies incapable of funding large lobbying efforts. I feel impotent to help the Federal Reserve, Congress, or the public understand the issues fully, and to help the RIGHT types of regulation or legislation to be created. Thank you for this forum. Finally, I would like to speak about the nature of most mortgage brokers in the United States today. Most are honest, hardworking Americans in small firms, most employing less than 100 people. These firms help make up the backbone of our economy. They are resourceful, resilient and able to beat the major banks in rates and services even today, with the additional burdens and hardships we are discussing here. Do we really want to eliminate these firms, this avenue of competitive vigor that makes such a huge and positive on mortgage costs, keeping them low and increasing levels of services and choice in the marketplace? I can only speak for myself and my firm, we are worried and appalled that somehow, our government and quasi government agencies are not hearing, not getting, or not asking for the whole story. Instead, it seems an elite group of advisors and regulators, born and bred of the banking system, are consolidating their choke hold on our industry, crushing fair competition, and burdening the average "Joe" mortgage broker and originator with stifling and unfair disclosures and regulations, to the point we are being ostracized and blamed for things never in our control, and aspects of the industry where we have never been in charge. Does this seem fair? Does this sound like a level playing field? Does this sound American? I would like to offer that most of us honest Mortgage Brokers and Originators would just like a fair and level playing field in a free market. We ask for FAIR and HONEST regulation, across the board. We will adapt, we will incorporate the new laws and regulations, and if they are fair and across the board, we will continue to produce excellent services, a wide range of products, and fair pricing to the end user, the American Consumer. We will once again be the originators of choice for a majority of the market, and continue to save US Consumers Billions in fees and charges that would only go to the major banks. Feel free to call, email, or mail me for any further discussion. I also give my permission to quote or disseminate my comments in part or in full to any and all you may feel have a vested interest, or any interest, in reading them. God Bless America. Regards, James P. Ryan, Jr