THE Realty Alliance

5 February 2010

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th and Constitution Avenue Northwest
Washington, District of Columbia 20551

Docket: R-1366

Dear Ms. Johnson,

We appreciate the ability to comment on the proposed significant changes to Regulation Z (Truth in Lending Act), intended to protect consumers in the process of securing financing for the purchase of a home. We apologize for responding past the target date for comments, but ask that you consider our point of view before adopting any additional regulation that will negatively impact our industry.

The Realty Alliance is a network of the largest real estate companies in North America, almost all of which have affiliated mortgage companies. Our firms have been established for decades as trusted advisors to consumers in their real estate ownership and property financing decisions. We are confident that our lending practices have been sound and we can produce data to support that our member firms have not contributed to the recent problems in the industry. We have been in business for generations, have earned strong reputations, and will continue to serve the consumer well – if reactive regulation does not prevent us from doing so.

Specifically, we would like to share our concerns for the provisions in the proposal that would limit the mode of compensation for mortgage brokers and loan officers. We have philosophic concerns with the concept of such specific interference with compensation. We prefer for competition in the marketplace and for the principles of supply and demand to regulate the method and amount of compensation for these services.

While there is little doubt that certain borrowers were "steered" into loan programs that may have been inappropriate for their needs because of the egregious actions of greedy loan officers, it would be very difficult to quantify the actual number of those cases or to prove to what degree those specific cases contributed to the problems that we face in the mortgage finance industry today. In addition, market correction has caused the disappearance of these high-compensation programs, making it such that loan officers and mortgage origination entities are faced with selling low margin, homogenous products. Little opportunity actually exists for any party to unfairly gain from other participants through unscrupulous activity. In other words, it is overstating the case to blame the larger problems on some isolated cases that, because of significant changes in the market, are no longer offered to consumers.

6009 Belt Line Road, Suite 250 | Dallas, Texas 75254 USA | Telephone 972 385 6055 | Facsimile 866 896 5187 | www.TheRealtyAlliance.com

In recent months, the implementation of the Mortgage Disclosure and Improvement Act and the sweeping changes to the Good Faith Estimate of Closing Costs brought by RESPA reform have sought to create more transparency throughout the mortgage process for the consumer. These changes have allowed consumers to shop with no risk of losing an offer, while affording lenders no such opportunity and imposing significant penalties for lenders that fail to comply with the new regulations. Make no mistake: The Realty Alliance Mortgage Group applauds the Board for its continued efforts to address the problems that exist in our mortgage market. The Realty Alliance Mortgage Group shares the Board's commitment to consumer protection, believes in fair lending practices and continues to comply with new and existing regulations.

Simply put, regulating the compensation practices between an employer and employee within a non-governmental enterprise that legally participates in this country's capitalistic system is unjust. Furthermore, under the proposed measure, it would be very difficult for small and midsized employers to survive and would ultimately jeopardize the consumer's ability to access affordably priced alternatives.

Thank you again for the opportunity to comment on the proposed rule. Representatives from our organization would be happy to travel to Washington to meet with representatives of the Federal Reserve in order to further explain our concerns and work on positive alternatives if you would like to discuss these matters in greater detail.

Sincerely,

S.T. DiMarco

Steve DiMarco
Chairman
Federal Reserve Proposal Task Force
The Realty Alliance – Mortgage Group