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Comments:

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IMMAAG Comments - Docket No. R-1390 Regulation Z; Truth in Lending IMPACT Mortgage Management Advocacy and Advisory Group (IMMAAG) appreciates the opportunity to respond to the Board's request for comments, Docket R-1390, Regulation Z; Truth in Lending. IMMAAG provides legislative, regulatory and mortgage industry information to a registered user and subscriber base that has grown over 2,400% in 2010 and that now numbers in the thousands. Its users are predominantly mortgage professionals from the mortgage broker community, but IMMAAG's banking and industry partner base is continually growing at a rapid pace. The extensive proposed rule, which declares, "Many of the proposed changes to disclosures are based on consumer testing" (75FR 58539), implies its "goal" is to update and make clarifying changes regarding rescission, to ensure prime loans are not classified as "higher-priced", change fee refund provisions "ensuring that consumers do not feel financially committed to a transaction before they have had a chance to review the disclosures..", and make a variety of changes to reverse mortgages and reverse mortgage advertising. The rule would have the reader believe it is about modifying disclosures and that the modifications are based on what the rule implies is extensive consumer testing. Unfortunately, the rule goes well beyond disclosure changes and is based on only the most meager consumer input. To support several conclusions the Board cites testing done by MACRO ICF. When the details of the research are reviewed it is clear that only the most modest effort was made. In one case there are 39 consumers interviewed about rescission changes and the testing for reverse mortgage changes is based on two, 20-person focus groups (90 minutes each) and 31 additional one hour interviews. To add to the troubling nature of the Board's decision support process is that in both cases, the studies do not provide any compelling need for change nor does either study support the implied assertion that whatever change is made will be "better", yet the Board insists on simply stating its position during a time of

extreme volatility in the market and at a time when other law, specifically Dodd-Frank will require re-visiting virtually every action the Board is presently undertaking. The market is so inundated with other fundamental regulatory change that this 250 proposed rule elicited only 173 comments by the close of the comment period on December 23, 2010. (Note: There were 1,682 form letters from which the Board selected 5 examples to post.) Those comments are heavily from Credit Unions and others that object to the Board's amended disclosure language regarding credit protection insurance, from interested parties expressing concerns about the change of security interest during the extended rescission process and from others objecting to the justification to change reverse mortgage disclosures. . The purpose of IMMAAG's comments to this proposal is to ask the Board a few questions: 1) How can the Board assert the need to "protect consumers" from a product when the consumer testing the Board relied on consisted of two groups consisting of a total of 18 people and with the issue being raised as an after thought in the first place? What is the Board's expertise to improve on an untested disclosure? 2) The changes to security interest and the extended rescission rights is not an issue that has been addressed in any form supported by testing, but appears to simply be yet another unilateral assertion by the Board, yet and our question is, How does this action reconcile with the Board's declared objectives of consumer protection? 3) Lastly, the MACRO ICF study of 71 participants on reverse mortgages presents nothing that clearly compels change. In fact, in two focus groups, the study reports that all reverse mortgage holders and some other participants understood the need to continue to maintain and pay taxes and insurance, yet the Board is requiring disclosure change to make sure seniors understand that which the meager study population confirmed is already understood. The proposed rule appears to be a continuation of the Board's intent to act even when the need to act is neither obvious, nor in some cases within their purview to do so. IMMAAG, as it has done in other communications and as it intends to do in future correspondence with the Board in the context of existing and some proposed rules asks the Board to withdraw the rule, reallocate its formidable resources to working with the newly authorized Bureau and simultaneously prepare for transition of authority by providing historical perspective and resources that could facilitate working a an independent third party to actually conduct the studies necessary to produce empirical information that could help design, not changes, but a zero-based disclosure set based on 21st century mortgage dynamics and not incremenally and without empirical data simply incrementally "tweaking" disclosures that are four decades old and that by the Board's own admission do not produce desired results.