

From: Anonymous  
Subject: Reg. Z

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Comments:

Date: Apr 26, 2011

Proposal: Regulation Z; Truth in Lending

Document ID: R-1417

Document Version: 1

Release Date: 04/19/2011

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Comments:

"Proposal under Regulation Z that would require creditors to determine a consumer's ability to repay a mortgage before making the loan and would establish minimum mortgage underwriting standards." - At the risk of sounding fastidious - where have you been for the last 40+ years? Fannie Mae/Freddie Mac guidelines have been the industry standard on conventional loans, as far back as most of you will be able to remember; FHA has had their own "guidelines" and VA theirs. To imply that the mortgage industry has been running around with "no credit standards or guidelines" for the last 3 to 4 decades and now needs to have some "standardization" and or "rules" is ludicrous. The problem started when banks decided to DEVIATE from those guidelines and when Fannie/Freddie were mandated by the Clinton Admin in the mid to late 90's to "relax" their guidelines, because homeownership was a "right" not a privelege and too many Americans did not meet the "current standard" (i.e. demonstrated good credit), so lower the standard and put high risk borrowers in the homeowner seat. (You see where that got us!) From that point - it began to snowball and more and more banks (with \$ signs in their eyes) began jumping on the band wagon and before you know it - they were offering 100% financing to borrowers with no income or asset verification! Sub-prime became the cash-cow of the industry and every big bank in the country wanted their piece of the cow. Our legislators need to first UNDERSTAND what it is they are trying to regulate and before creating NEW regulations - they need to take a look at stats dating back PRIOR TO THIS MESS. For at least the last 40 years, most lenders have used Fannie Mae guidelines as their basis for underwriting and approving conventional loans - THOSE guidelines demonstrate sound; prudent underwriting principals. Had Fannie NOT been pressured by our "leaders" to relax those standards and IF banks and wall street was not so blinded by their short term greed - this whole debacle would not have happened. The industry is already getting back to the way things operated prior to 1995 - the Fannie/Freddie; FHA and VA guidelines DO work - to add yet another agency with overlapping regulations, which will end up contradicting or muddling existing standards - is going to end up hurting the consumer/borrower. Before our poorly elected

officials stick their noses into something as important as the housing market (and the financing of those houses) they need to educate themselves and know what it is they are trying to do. Reinventing the wheel makes NO sense. Just look back in time prior to 1995 and mandate that banks stick to the rules and not allow greed to overrule common sense. All the Dodd-Frank Act has created is confusion; contradicting rules, too many questions and no clear direction. It is undermining the basic principal behind "competition" by virtually eliminating the small companies - small companies with low overhead, play an important role in keeping rates and fees down. Without that - consumers are basically at the mercy of the big bank. The sad part is you cannot control someone's ethics (just take a look at some of our elected officials and some of the wall street giants and their schemes involving mortgages) - they either conduct business in an ethical manner, which means doing the right thing or they don't. Try enforcing the regulations that have been in existence for decades and stop trying to write new ones - regulations are only as good as the enforcement and neither State nor Federal agencies did a very good job enforcing the old ones.