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INDEPENDENT REGULATORY
REVIEW COMMISSION

November 3, 2008

Arthur Coccodrilli, Chairman
Independent Regulatory Review Commission
333 Market Street
14th Floor
Harrisburg, PA 17101

Re: No. 2620 Dept. of Banking #3-43: Proper Conduct of Lending and Brokering in the Mortgage Loan Business

Dear Mr. Coccodrilli:

We are writing on behalf of our 500 members in support of the Banking Department's regulations for the proper conduct of mortgage brokers and lenders. The standards and requirements laid out in Regulation 3-43 are essential to the proper functioning of the lending/borrowing relationship.

Few borrowers are well versed in the ways of mortgage lending. Even well educated borrowers are not generally knowledgeable about mortgage terms and conditions, many of which have changed since the last time the borrower bought or refinanced a home. Borrowers rely on mortgage professional for their knowledge of loan products.

Many Pennsylvania lenders already know that making sound loans which borrowers can afford to repay is in their best interest. Unfortunately, not all lenders operate this way. Over the past fifteen years, we have seen lenders make loans that were doomed to fail. In the last year, we have seen that his practice is not only bad for borrowers, it is bad for the country. There must be oversight and common sense rules for lending.

We applaud the Department of Banking for promulgating rules that

- (1) require lenders to consider borrowers' ability to repay the loans;
- (2) require lenders to clearly disclose the terms of the loans; and
- (3) prohibit certain practices which in the past were used to place applicants with

inappropriate loans.

Today's lending market is sorely in need of regulations that will restore the balance between the needs of lenders and those of borrowers. Without this balance, the market does not function properly. With the Department of Banking's Regulations 3-43, home financing can once again serve the joint functions of providing homeownership opportunities, stabilizing communities, strengthening homebuilding businesses, and fueling a healthy lending industry. We urge you to approve Department of Banking Regulations 3-43.

Sincerely,

Cynthia Witman Daley
Policy Director