

From: Tim Bradford
Subject: Reg Z - Truth in Lending

Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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I will be making a few posts regarding a few points that cause my opposition to some aspects of the proposed rule regarding "Yield Spread Premiums" and "Service Release Premiums". The attempt to avoid or restrict the steering towards more expensive options is a good intent however if you look at this report <http://www.federalreserve.gov/boarddocs/meetings/2009/20090723/Full%20Macro%20CE%20Report.pdf> and then look at page 8. This bullet point is made "When participants were selecting lenders to contact, trust was one of their most important considerations. Most participants either began the mortgage shopping process by visiting their current lending institution to look at offers or going to a lender or broker recommended by friends, family members, or their realtors." There is little that can be done about referrals by friends and family members other than educating the consumers. When it comes to Realtors, I believe the Affiliated Business Arrangements and Controlled Business Arrangements that have flourished over the years are should be examined for their anti competitive effect. As a licensed lender in Ohio, one of the rules is that we work in the BEST INTEREST of the client. Aside from the fact that this could be very subjective, consider a Realtor that refers a client to an AfBA or CBA. They are not under any BEST INTEREST responsibility to their clients. I have seen many AfBA and CBA disclosures where a range of fees is quoted in order to comply with disclosure requirements. The Range is shown as being between \$125 - \$350 and when the final charges appear at the closing table, I am not surprised that the \$350.00 is the final charge. My question is "Is the Disclosure False or Misleading?" I will be making other comments, but I ask you to consider "What current rules or laws could be more stringently enforced to assist consumers versus enacting new rules and laws". The proposed restriction against SRP and YSP to some individuals is likely supported by companies, groups and individuals that would achieve a marketing advantage. This decreases competition and I do not believe that it is the intent or desire of the proposed rules and regulations.