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Comments:

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Truth In Lending Disclosures have for many, many years been confusing to consumers and failed to provide the necessary conveyance in plain form them. The government should quit making proposals that continue to confuse this issue, as has been done for so long. It's placed a burden on the mortgage industry and done nothing to convey in simple form what a mortgage loan cost a consumer. A math major would even need to give hesitancy to understand prior and the current TIL. Furthermore, all mortgage brokers, which many times are small business people with the highest percentage in the industry maintaining a high degree of integrity and honesty and a small percentage being crooks as with any industry including banking as we've seen, are being placed in a position by HUD and the federal government whereby doing business is difficult, if not impossible. What I mean by this in one instance is the required disclosure on the Good Faith Estimate to consumers of the yield spread premium/service release premium paid to mortgage brokers by servicing lenders. This tends to demonstrate government interfering with free enterprise by causing a hardship on the business to operate freely, especially when compared to banks and lenders with credit lines called mortgage bankers that are not required by HUD or the federal government to make the same likewise disclosure. You are aware that FNMA and FHLMC, as well as other entities pay banks and mortgage bankers these premiums. Therefore, if it is necessary to do so, banks and all lenders should be required to disclose and not just mortgage brokers. However, my position is that neither should be required to disclose these premiums. The interest rate guaranteed to a consumer indicates to the consumer one portion of the cost of doing business with a mortgage company, the closing cost is the other cost of doing business. If one company's interest rate is higher, then it's obvious to the consumer they are paying more and can elect to continue to do business because of better service or whatever reason they choose or select another lender. As to closing cost, no itemization of closing cost is needed for a consumer to understand the total closing cost. Annual percentage rates are obsolete and do not help, rather confuse, consumers and should be abolished. If a consumer is provided a guaranteed interest rate and guaranteed closing cost, there is no more the consumer needs to know.

Therefore, my recommendation is to only provide a guaranteed closing cost, not to exceed a specified amount in a disclosure that would be signed by the consumer and the mortgage company. This simplifies everything for all parties involved. An interest rate is disclosed and the total closing cost (without including yield spread premiums, because this is already a factor of the interest rate already disclosed) is disclosed. Such a simple matter for years has been displayed by HUD and many others in our federal government as one so complex. It's absurd to not implement the proposal I've just laid out. Just play devil's advocate with me for one moment, please. You apply for a mortgage loan. You are told in writing that your interest rate will be "X" percent - guaranteed, once it is locked in (also instructed by the consumer in writing) and your closing cost will not exceed "X" dollars at closing - guaranteed. Could you not make an intelligent decision to select a lender that you would like to do business with from this disclosure? Of course you could and that's why I strongly suggest that the non-sense of all these line item disclosures and so many pages of documents be eliminated and common sense prevail by implementing my aforementioned plan for disclosure. It's time for change, President Obama has stated. Let's make common sense for the embetterment of all consumers and for small business people like mortgage brokers. Remember over 65% of all consumers get their loans from mortgage brokers. The reason is that the majority are honest, care about their customers, strive to do excellent work on behalf of their customer, actually has the ability to provide better rates than many banks (example local banks traditionally charge high rate interest rates for 3 year loans to facilitate home financing everyday, usually 2 -3 % higher than traditional financing). Mortgage brokers can provide so much better financing than that. Service is superior to that as well. Mortgage brokers are more apt to stay until 8 and 9pm to assist their customers that work during the day...banks usually never do that. The list goes on. My point is that HUD and government should not penalize small business people, including mortgage brokers. If we penalized all of a group of people for what only a small percentage did unscrupulously, bankers would have to be first in line wouldn't they? Many other business would also. Let's give back to the American people what they have chosen (mostly mortgage brokers over bankers) more than 65% othe time as indicated by an independent survey. Currently government is taking that away by imposing too much on mortgage brokers. It will surely drive interest up again, as it did before mortgage brokers became popular with consumers. Do the study and you will see how much interest rates came down after mortgage brokers became popular by consumers.