

From: Foundation Financial Group, Michelle N. Boyer
Subject: Regulation Z - Truth in Lending

Comments:

To Whom It May Concern:

In reference to the proposed amendments to Regulation Z, there are several amendments proposed that make sense and do provide further protection for consumers, however; the consumer's right to a refund of fees is not one of those. As a mortgage lender we are providing a Good Faith Estimate, Truth In Lending Statement and an Itemization of Amount Financed to a borrower prior to charging any advance fee, with the exception of a credit report fee. The consumer is able to take as much or as little time reviewing these documents as they deem necessary. These guidelines were put in place to allow consumers the ability to shop around prior to settling on one lender. If the consumer is now granted a full refund of all fees upon cancelling within 3 days of the transaction, then the lender will not be able to begin the loan process until those 3 days have elapsed. It will not make fiscal sense for a lender to begin the process of ordering an appraisal, ordering a 4506, requesting a title search etc. until the 3 days have elapsed and the lender is confident they will not be at risk for the outlay of these costs. For the consumer, the longer they wait can potentially be of a disservice for them in terms of the cost of credit and the rate they qualify for. For example, if waiting an additional three days increases the rate by only a 1/8 on a loan amount of \$200,000 this is an additional \$5,220 the consumer will pay over the life of the loan. All consumers have a rescission period after their loan has closed and upfront fees average about \$500 and are subject to federal and state laws restricting the amount that can be charged upfront. Therefore, adding an additional rescission period for the consumer does not have enough benefit to outweigh the additional costs associated for both the lender and consumer.

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