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Subject: Reg Z - Truth in Lending

Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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This proposed regulation brings us one step closer to the big banks putting the independent mortgage brokers out of business. If that happens it will limit the choices for the consumer, not to mention cause a lot of small businesses to close, thereby increasing unemployment. The loosening of sound underwriting guidelines, in order to expand "homeownership" is what directly caused the housing bubble and collapse of the housing market, which then caused the whole financial system to come tumbling down. Had guidelines not been loosened, unqualified buyers would not have been able to purchase homes. Had that not happened, the demand would not have been there and housing prices would not have skyrocketed. If unqualified buyers had not been able to purchase homes, they could not afford, the whole wall street business of credit default swaps would not have been necessary and the "bad" loans would not have been made, packaged and sold to investors. Now that underwriting guidelines have tightened, there will not be the default on loans that we are now dealing with. The key to the problem has already been implemented, prudent underwriting guidelines. This industry has self-corrected. No more regulation is necessary. HVCC has increased costs to the consumer and drastically reduced the income to the appraiser. The Good Faith Estimate that is going into effect January 1st 2010, is not necessarily a bad thing. It will create transparency with regard to yield spread premiums. However, whether it be HVCC or yield spread/service release premiums, being disclosed, the regulation should be uniform for all loan originators, whether they work for a bank, mortgage banker or mortgage broker. If HVCC, the new Good Faith Estimate and disclosure of yield spread premiums is what will cause all the problems with "bad loans" to subside, why are mortgage bankers and banks not subject to this? It is pretty obvious the reason these regulations have and are going into effect, is to give the big banks the ability to put the mortgage broker out of business. Mortgage brokers did not create the risky types of loans nor did they have control over the loosened guidelines, the big banks did, so why is the mortgage broker the culprit? As I stated above, the problem has been corrected with sound underwriting guidelines now being practiced.