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Proposal:	Regulation Z - Truth in Lending
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Comments:

BAD policy! It is unconscionable to single out a specific segment of the mortgage origination market for the sins and misgivings of the entire market. From the greed of the end investor, the lax underwriting standards and/or non-existent underwriting standards of mortgage companies, wholesalers, mortgage bankers, to the complacency of the consumer to accept loans that they knew they couldn't afford lays quite a different scenario for the fix the real estate market is in. For future reference, please note that the mortgage broker does not "underwrite the loan". The mortgage broker is a facilitator of documentation and information so that the underwriter can make an informed decision as to whether or not grant credit. That specific obligation and responsibility lay entirely with the mortgage banker, wholesaler, and the mortgage company. To fault the mortgage broker when the mortgage banker, wholesaler, and mortgage company aggresively pushed the market to deliver products that were ultimately designed for one thing only (to satisfy the greed of investors)and to underwrite accordingly, is just not justified. The enactment of this policy will ultimately lead to: 1) Less consumer choice by eliminating the variety of products a mortgage broker can offer as opposed to limiting to a single mortgage company 2) Increase in the consumer's cost by transferring all increased operational costs of newly created mega-mortgage companies and mortgage bankers to handle the current consumer demand now handled by mortgage brokers 3) Restriction of the free market and elimination of competition I am in total agreement with the federal reserve implementing safeguards for "the entire industry" in prohibiting creditors extending credit to borrowers who do not have the ability to repay the loan. Verifying the borrower's income and assets only makes sense but leads us back to the mortgage company's creation of low and no doc products in their attempts to satisfy the appetities of hungry investors looking at maximizing their profits. This had nothing to do with mortgage brokers. The elimination of prepayment penalties or restricting them as so outlined in the proposal will only lead to increased interest rates and upfront costs to offset early payoffs. Currently in the market the requirement for escrows accounts is satisfactory. The elimination of the 80/20 loans and the variations of such other products to circumvent this requirement is evident of a self-correcting market and does not need the meddling of the federal reserve. Restricting the ability of an investor to price his loan product to offset risk should not be the job of the federal reserve. The open market when not meddled with allows the consumer to search for the best deal without having it dictated to by federal regulation thereby restricting competition. I can only assume that this is not the federal reserve's intention The most insulting aspect of this proposal is the regulation of how the mortgage broker gets paid. If the federal reserve had actually solicited mortgage broker input and not just mortgage banker input regarding this specific topic, they would have come to the fortunate conclusion that the mortgage banker (SRP)service release premium is just another fancy synonym for the mortgage brokers (YSP yield spread premium. If it is all about disclosure, a level playing field should be commensurate with the enactment of this proposal so all of the "so called" guilty parties abide by the same regulations. To continue to place fault at the feet of the mortgage broker is inexcusable. Just in my local market over the past 4 years I have witnessed numerous incidents of where I was unable to make a loan due to a low appraisal value only to have the customer go to a nearby mortgage banker who proceeded to have their appraiser meet value. Again, the entire market is to blame. Last but not necessarily the least, is the requirement to provide consumers with a (GFE)Good Faith Estimate within three days. This is already a regulation on the books. With the exception of the "mortgage banker" the mortgage broker is already disclosing to the consumer the "true cost" of their loan. This segment of the proposal is redundant to current regulations and needs to be completely scrapped. Also requiring the lender to accurately disclose a rate 3 days after an application is not feasable due to the fact that 90% of the borrowers don't have a property at application. Please re-address the issue and encourage input from the segment of the industry that is so evident by the proposal that you left them out, and redraft a more comprehensive and fair document. Thank you for your consideration and I look forward to seeing a .