

From: tonyab@integratedmortgage.net on 04/08/2008 03:00:05 PM

Subject: Regulation Z

My name is Tonya Bisby and I have been in the mortgage business since 1982. I work in Raleigh, NC. Of course I have seen a lot of changes over the years but the new proposed amendments to Regulation Z have caused many to reconsider their careers in the mortgage industry. My step-father and brother are loan officers with a Mortgage Broker also.

My sister works in the administrative side of the mortgage business.

My sister-in-law used to be a loan officer as well but left the business about a year ago. Our family and livelihood revolves around mortgages.

While I realize the thought behind these amendments are well intentioned and it is meant to help consumers I feel it will accomplish the opposite. I believe that by squeezing out Mortgage Brokers consumers will be forced to choose between limited mortgage loan programs and non-competitive pricing. My goal is to grant home ownership to as many people as possible. In your attempt to restrict compensation for Mortgage Brokers you will soon make it impossible for anyone to make a living in this profession. For example I just did a loan for a couple who left a single family dwelling and purchased a manufactured home that was a HUD foreclosure. They decided they wanted to reduce their monthly expenses so the wife could obtain her nursing degree and they could enjoy life with a lower mortgage payment. They had excellent credit and it should have been a win, win situation for everyone. I can tell you that I made less money per hour working on this loan than I would working at Home Depot or Target for an hourly wage. I already know many other loan officers who have discovered that these loans under \$100,000 will not be worth their time when they can work on larger loan amounts instead, so they have decided to refer these clients elsewhere. I also work with realtors who have to market manufactured housing which is usually under \$100,000 in Franklin County, NC and it is becoming increasingly difficult to find financing for borrowers who want to purchase these homes. The consumers who cannot afford \$200,000 homes and above are being penalized by these regulations. Local Banks do not provide financing for this type of housing or government loan options.

My biggest contention with this Proposed Rule is that Mortgage Brokers only have to disclose what they make on the loan. If there is to be a new rule established it should apply to all not to a select few. Mortgage Brokers have been blamed for the whole sub-prime disaster when it was the investors who provided these products for us to sell. I have never been an advocate of these loans and I agree that they were out of control. In any other realm the separation of a single group would be called discrimination. I do not go to the store and buy clothes and demand to see their percentage of profit, or at a restaurant or at my local bank. We already disclose the range of Yield Spread Premium on the Good Faith Estimate and the actual Yield Spread Premium is disclosed on the Final HUD-1 Settlement Statement. I can think of no other industry in this world that requires you to spell out your profit margin to its customer. And if that is what is to be required by this rule, all originators of mortgage loans should also have to disclose these fees as well. (Banks, Mortgage companies, etc...)

New forms are cropping up from several of our investors requiring

exact figures of YSP to be disclosed to our borrowers at time of application. I cannot disclose the exact figure at time of application unless I lock in the loan. This forces the consumer to lock in the loan unwillingly if you want an exact figure disclosed as now required by some investors. We are trusted advisors to our clients and it is not always wise to lock when they are here for application. If you know the market is improving should you penalize them because you are required to disclose an exact dollar amount? Also once you verify the information they give to you at time of application sometimes the information changes enough so they no longer qualify for the program you initially discussed and you find another avenue for their loan. In your scenario we would just have to turn down the loan because that is not what we disclosed at application. Also now our investors are imposing pricing penalties for credit scores. It is no longer a question you can answer if someone calls and says what are the rates today? When we take an application it is based on the belief that we are told the truth at time of application by our borrowers. In a perfect world that would be great, but it is not a perfect world. We can pull a credit report and evaluate it but it is much more involved than that. You are asking us to now be judge, jury and executioner. Before it was a series of steps, different eyes and a process to obtain loan approval. It was the loan officer, processor, underwriter, closer and attorney. You are now asking us to make a definite call on their loan based on an hour visit and their credit report. The real estate industry as also implemented new contracts where they have a date that is considered "time is of the essence" and you must have loan commitment by this date or the sellers can keep the borrower's earnest money. This is difficult for us as well when our investors are taking sometimes 30 days to approve loans for fear the guidelines will change again before they can even sign off on these loans. Investors are also now saying that they will not manually underwrite FHA loans with credit scores below 580 even though FHA is supposed to be a loan program that is not credit score driven. I believe this has all come about due to the changes that have been proposed recently. This only hurts 1st time homebuyers and moderate income families and prevents them from purchase homes.

Our job is to submit an application that we believe should be approved and we truly believe the borrower intends to meet their financial obligations for the purchase of the home. But nobody can put a guarantee on this, least of all the Mortgage Broker. It seems nobody wants to take responsibility but to only place blame. I see it as going back to when I first started and people have to actually qualify for their mortgage loan. This is not a bad thing, but it seems to have been taken a step further and it is preventing home ownership instead of promoting it. I advise my borrowers to shop for a house they can afford. I explain ratios to them and that food, gas, child care and other incidental expenses are not included in those ratios. I give them options which they will not have if things keep changing like they are. I worked at mortgage companies for the 1st half of my career and at Brokers during the 2nd half. I tell my customers the advantage of working with the Broker is that I have the ability to search out the best rate and program available to you instead of only telling you what loan you will have.

Mortgage lenders make just as much or more money than Mortgage Brokers but because they do not have to disclose this to the consumer they look like the good guy. The media keeps blasting Mortgage Brokers making it harder and harder to distinguish myself as an honest person.

I know I am and my reputation makes sure that I am here to help my

customers not hurt them. I know you will always have bad apples in the bunch but you can penalize every Mortgage Broker for the few bad ones.

We often use the Yield Spread Premium to aid someone in purchasing a home who cannot come up with the closing costs. Mortgage loan originators make this money on the loans as well but since they do not have to disclose it to the consumer they use it to say that the Mortgage Brokers are taking advantage of you and steer the business their way. Often this prevents the borrower from obtaining a mortgage that would have been better for them. Any golden rule should apply to all involved not just a few.

We all need to work together to come up with a better solution to this problem that will benefit the borrower, Mortgage Brokers, Mortgage Loan Originators and everyone involved. Mortgage Brokers need to be here for the consumers to enable borrowers the variety of loan programs and competitive pricing they deserve. I also want to be able to help the first time homebuyers who are slowly being squeezed out of the market.

I know this is a heated topic for everyone concerned. I appreciate you taking the time to consider my comments as a Mortgage Broker who witnesses everyday what these changes will do to our customers.

Sincerely,
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