

Subject: Regulation Z

Date: Apr 08, 2008

Proposal: Regulation Z - Truth in Lending

Document ID: R-1305

**Document
Version:** 1

Release Date: 12/18/2007

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Re: Docket # R1305 I would like to voice my opposition to statutes in the proposed Regulation Z/Truth in Lending changes Docket # R-1305. I believe that many of the proposed changes are for the better of the industry and that much of the bill is consumer friendly, but some sections are not good for the industry and will make portions of the industry harder for the client to understand and could make many useful loan products unavailable to the informed client. Being a Mortgage Broker for over 18 years I have seen changes for the better and worse. I would like to give a few examples of what I feel would be detrimental in this bill to this industry and mainly the consumer. I watched this industry change over the last over the last four or five years. I down sized my business from 10 to three employees as we made a conscientious decision not to transact the loans being offered by Wall Street but to remain with fully documented fixed rate long term financing for our clients. Financially this was a hard decision but my clients are staying in their homes. I watched as I refused to transact those loans that the clients end up time and time again with Major Banks and DOC lenders (yes, some Brokers too) originating loans which were not, in my opinion, in the best interests of the borrower. This in addition to my being required to disclose fees (State Requirement) that they (Banks/DOC) were not and are still not under this regulation required to do. Many clients were fooled into

understanding that they were being offered a better loan even though the Rate/Terms or A.P.R. were higher due to the fact they saw disclosures presented in a less than factual manor. I now watch as those same firms get bailed out by our Federal Reserve and Government and they want to suggest that the Mortgage Broker is to blame. It is my belief that Wall Street and the Banking Industry wrote those loan products and either originated them themselves or hired account representatives to "SELL" them. Many people did. It is also my belief that ALL LOAN ORIGINATIONS should have to disclose all fees, points, yield spread and any other compensation in the same manor and on the same nationwide form. Also as a Member of the California Association of Mortgage Brokers we have suggested and lobbied for ALL LOAN ORIGINATORS to be required to have a registration number and required training to be in this occupation. That one group should be allowed to disclose less than another to the consumer is ludicrous. Registration of all Originators (Bank, DOC, Brokers, Etc) should be done equally to track and prosecute the "BAD PLAYERS" how ever they are licensed to originate. A few bad apples...and every industry has them. Track them, prosecute them, there are laws on the books now! Another issue I have concerns about is the 3% threshold to become a HOEPA loan. Many transactions can not be done under those terms, an example would be a small transaction with a lower credit score. Fannie/Freddie ad pricing for loan size and credit scores are those persons not allowed to make an informed decision? They should be given all of the facts and left to talk with family or CPA about the best financing for them. Please leave the threshold as it stands at 5%. This number though sometimes hard to stay under is fair to the informed consumer and in most instances workable. There are other issues which I take exception to, but I feel much thought and consideration has been given to this matter, that with a few changes this could be good for the consumer and industry alike. Please vote no on this issue as presented and let's work it to be fair to all consumers and originators. To have full disclosure by ALL and allow consumers to truly SHOP around for their best terms.
