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Comments:
Point #1: Disclosures by the broker and compensation from bankers to the broker and profit realized by the broker are not linked to the collapse of economy. All loan types and programs offered to the borrowing public are created, promoted, underwritten and purchased by lenders, wall street and main street. No mortgage broker originates a loan to his own standards and sells it to a lender or bank. Even where rare delegated underwriting is in place, lenders perform post-closing audits and hold brokers or correspondents responsible for shortcomings. It's easy to point fingers at loan brokers because they are the retail end of the process - they are the ones through which the borrower directly applies for the mortgage. Nevertheless, in the end, it is only a wholesalers product that is being offered and the wholesale lender NOT the broker is responsible for approving and funding the loan. I like the analogy of a car dealer. They sell cars that are manufactured by GM. GM may issue a recall later because the product is defective. Is the dealer to blame for selling it having no knowledge whatsoever that it was defective? Should the car dealer be required to disclose in advance exactly what he will make on the car including the rebate from the manufacturer and the F&I department's profit on the financing or lease? Should they be held responsible and villified if their is a surge in defaults on car loans? Point#2 Requiring these additional disclosures is

ENTIRELY REDUNDANT! This information is exactly what the Good Faith Estimate (GFE) and Truth-In-Lending (TIL)statemnts are for. As if that wasn't enough, Texas requires a further disclosure detailing the sources and relationship of the fees on the GFE. The TIL requires that we incorporate those fees into the interest rate which makes no sense anyway but causes utter confusion on the part of the borrower. Finally, there is the Settlement Statement - This form details to the penny the exact amount that all parties are being paid for their respective services and includes yield spread premium paid to brokers by the lender. If the amounts vary from the what the broker has disclosed, the borrower can always choose to walk away and/or file a complaint. Point #3: Is the the government's job to protect people from themselves? No. At the end of the day, individuals need to understand the concept of living within their means. It is pretty simple math calculate how much money you have left over after you deduct your monthly obligations from your monthly income. If you can't afford it, DON'T BUY IT! The truth is, most people get it. Some don't. Whose fault is that?