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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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Comments:

I agree with the new Reg z which requires accurate disclosure of the APR 3 days prior to close. Please make sure the APR must be HIGHER by 1/8th not just off an 1/8TH. Unfortunately 3 days is not enough time for a consumer to switch lenders in time for a home purchase transaction to close. Other rules going in effect requiring disclosures to be sent out before an appraisal can be charged etc., circumvent the consumers ability to shop around and get another mortgage that close to closing date. You should have a modification that if a consumer can show a APR discrepancy from one lender it should be reason enough to move to a competitor lender on a fast track without having the same disclosure requirements providing the new APR is in fact less than what they were getting from the original lender. This will keep the originator honest until the end. In addition I also applaud you for categorizing originators in the same basket.

This provision is long overdue, many fellow lenders work for mortgage banks so they can hide that they make 3% on a 500k loan because they have not had to disclose profit. They up sell the rates or place them in arms with high margins so they make more per transaction and the client never knows because the banks keep their loan officers compensation a secret. I know this for a fact. As far as just compensation for the originator, all clients are not equal; many have numerous problems that must be overcome prior to being able to secure financing. Providing compensation that does not include the work involved will hurt minorities and less affluent. In addition compensation based on loan amount will have the same effect. By making the max compensation to 1.5pts on loan amounts above 200k and 2 pts for loans lower, keeping the scale of rates you may have something that works for everyone. I get that the Federal Reserve does not have Loan Officers and mortgage brokers in high esteem but there are those of us that save our clients a great deal of money with less hassle. Most of us do shop for the best deals and pass saving

on to the consumer. In addition we consistently work nights and weekends. I can tell you I have just funded two loans for a VP of one of the top 3 banks, he was very surprised I was able to get him a better rate than he could with his employee discount and I did it through his own companies wholesale division.