From: Tom Probst

Subject: Reg Z - Truth in Lending

Comments:

This comment will give you an example of why this proposed regulation is not a good idea.

Last week I had a young couple call who are trying to refinance. They had purchased a home last year with a 3/1 ARM loan with Fifth Third Bank. (One would have to wonder why they were directed to a 3/1 ARM by the big bank.) Unfortunately their home value has fallen a little and when they tried to refinance with Fifth Third Bank, with an FHA loan (which is what they probably should have had originally) they were told they would have to bring $3,000 to closing. They became very discourged because they did not have the additional funds. I was able to premium price their loan with the same rate the bank was offering and pay the additional $3,000 in costs from the YSP. While I have to disclose every penny that I may make the Bank was able to hide a huge profit.

Without the YSP to offset their costs, they would be stuck with a 3/1 ARM. This proposed change may put them in a difficult position in the future when their interest rate begins adjusting.

I think you can see by the above situation that many people will believe what a big Bank will tell them no matter how bad it might be. You have and are proposing to allow big Banks to continue to hide making big money in mortgage lending while you are trying to drive the mortgage broker out of business. This will result in less competition and allow the big Banks to continue to whatever they want.

Regarding the proposed changes to the APR calculations, you may do what ever you want. Because of the latest TIL changes, I usually put extra fees in the APR calculation at the loan application to insure that at closing I have not underdisclosed. Very few people ask about the APR and when it is explained 1 in 100 might understand it.

Please call me if you have any questions.

TOM PROBST