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Subject: Reg Z - Truth in Lending

Comments:

Date: Dec 04, 2009

Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
Document ID: R-1366
Document Version: 1
Release Date: 07/23/2009
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Comments:

The proposed amendment to Reg Z, which was brought forward on August 26, 2009, is well intentioned but ill thought out. The so called "flat fee" portion of the amendment, seeking to eliminate YSP, will only accomplish chaos and ultimately end up costing the consumer millions of dollars. The amendment creates an incentive for brokers to send their loans to lenders who will pay them the highest flat fee. Therefore, unscrupulous brokers will steer clients to lenders who have higher flat fee agreements. This will ultimately result in higher interest rates to the consumer across the board. Further, there is no provision in the amendment suggesting an effective way to police this steering activity. The sheer amount of paperwork and subsequent frivolous litigation from attorneys will drive the good brokers out of the market, eliminating good choices for the consumer. The amendment is good for attorneys since it will provide a new venue for frivolous litigation. Because there are literally hundreds of lenders offering thousands of loan program/interest rate combinations, IT WILL BE IMPOSSIBLE TO PROVE that the interest rate/loan program given to a consumer was ultimately THE VERY BEST CHOICE available. Can you imagine the paperwork involved in attempting to document this? LITERALLY, THIS TASK ALONE WILL BE IMPOSSIBLE. Attorneys are going to have a field day with this one. The amendment will only serve to foster unscrupulous steering that cannot be monitored except through civil lawsuits. This is going to be a HUGE PROBLEM. Ultimately, it is a question of cost. Good brokers will find it too risky and time consuming to conduct business. The good brokers will go away, leaving the unscrupulous brokers who are willing to risk litigation in favor of steering. YSP can have a positive impact on the market and serve the consumer well, as in the example of a NO COST or NO POINT loan. SO LONG AS THE YSP IS EFFECTIVELY DISCLOSED to the consumer. We should seek better ways of disclosing the YSP and educating the consumer on how YSP works, so that the CONSUMER can make an INFORMED DECISION on which lender to use. Further, rather

than creating an environment that fosters and nurtures unscrupulous brokers, we should focus on RAISING THE BARRIERS OF ENTRY into the mortgage lending business. The equivalent of a Series 7 license should be required for all mortgage professionals who are at point of sale to the consumer. A mandatory ethics course should also be a requirement. Banks should not be allowed to hire higher salaried employees with no experience and put them in a position where they are allowed to administer a financial transaction which for most consumers is the single biggest financial commitment they will ever make in their entire lives. We should seek to create a profession that is difficult to get into unless you are truly committed to helping the consumer. The equivalent of a Series 7 for mortgage professionals would go a long way in accomplishing this.