

From: Prime Lending, James T. Pride
Subject: Reg Z - Truth in Lending

Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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I agree with wanting to protect the consumer. However, I think we all need to realize that there are some very professional mortgage brokers out there, doing a very good, and honest job for the consumer. The proposed amendment to do away with YSP, will ultimately cause higher priced loans for the consumer, and reduce the consumers choices, as well as the broker's ability to compete, and beat other quotes, since everything will basically be streamlined, and therefore offer less products to choose from. Since the industry has steered away from Adjustable Rate Mortgages, our industry has been cleansed. Consumer's know that they want a fixed rate, and they are able to go out shop and compare quotes, and make the decision with whom they would like to work, in order to complete their transaction. For Example, some consumer's are more interested in closing earlier, and in some cases may take a slightly higher out of pocket fee in order to achieve what they want. Again, what this amendment will do is reduce choice, and competition. If we must regulate YSP, why don't we just set a limit on compensation, for example, a broker may not make more than 3% combined between origination and YSP (much like a real estate agent's fee, which is typically 6% total, in my area), on any loan amount of \$100K or above, and maybe max the combined compensation at 4% on loan amounts below \$100K. This would put a constraint on "gouging", and still leave the brokers and the consumers with room to make choices. Those brokers that elect to charge higher fees, will ultimately end up getting less business, because a broker that is willing to do a "fair day's work for a fair day's pay", will be able to out price them. This will keep things much more simple, for the consumer and the broker alike, as well as any regulation panels; while still promoting competition. This is merely my opinion, but I do think there is a much better way to go about this, and I think the option I have discussed above is fair. While I applaud regulation to cleanse our industry of unscrupulous individuals, I do not agree with the current amendment, and if nothing else, why don't we give the new GFE regulations a chance, before adding

more regulation. I appreciate your time. Thank you, Trent Pride