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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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Where do I begin. I've been in the mortgage industry for 19+ years; change always occurs, some for the bad, some for the good. A free market society only works when competition exists, sufficient disclosure or information is available, and less government control exists. The last 2-3 years have seen too many politicians fighting for their seats instead of focusing on the facts in their attempts to change the housing/lending industry. It's a simple business, when the rules are simple. But most importantly, we have to trust that the consumer knows what he/she is doing. These new rules not only point to the fact we as a country don't believe in the consumer's ability to make a decision, but also now make it more difficult to ascertain a decision due to the over-regulation, more complex forms, and thwarting competition. Points: 1. The new GFE is a mess, but I understand its intent. We have to see how it works before we try to enact even more regulation. 2. Compensation. A Loan Officer (LO) is compensated for his/her job by offering and pricing a loan according to a borrower's qualifications, the transaction type (and all the details of it), and the rate pricing available from their lender (or a source of lenders). Why is YSP specifically an issue? What is wrong with earning a living? An LO working for a retail bank earns "overage" just as an LO working thru a broker earns "yield spread premium." In fact, the LO at the bank may get a salary, bonus, and overage (the profit from Origination Fee and any available rate pricing or SRP - service release premium). An LO with a broker normally gets just Orig Fee and any available YSP. 3. If steering is an issue, then shame on the consumer, but further, shame on politicians for not going after the crooked LO (whether that LO works for a bank, lender, or broker). A flat fee arrangement does not work period; might as well only have one interest rate. And what about the situation where a consumer is short on cash-to-close? In these cases, a good LO will raise the rate to help offset some costs. This is doing the right thing for the consumer, but does the higher rate mean negative steering? I think not. 4. Competition. Every

industry in America thrives on competition. The government needs to back-off on over-regulating industry and keep the rules simple, but more importantly, offer accurate means to govern, monitor, and pursue those who break the rules (or law). Constant change of rules to overcome short-comings in prior years rules just compounds the problem. Limiting competition will hurt the consumer. More regulation hurts the industry and the consumer. And the eventual pursuit of lawsuits by fee-hungry lawyers will hurt busiensses, which continues to harm this industry. Please put Reg Z reform on indefinite hold. Just as HUD has done with Reg X, we have to see how the system evolves with the new regulations already in place (and even the new forms). Sit down, be quiet, let the system work... I promise you, it will not fail. Bumps along the road occur everywhere, but they don't necessarily require a new rule to prevent the next bump... as it will only create bumps of a new opportunity. Let the system work itself out. Thank you.