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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 am a mortgage broker in the Phoenix metro area and I have grave concerns over the Fed's proposed amendment to regulation Z. I have been in the mortgage industry since 2001, started as a broker, and went to work for Wells Fargo as a mortgage banker from 2004-2006, then started my own broker company in 2006. I have seen both sides, both the banking and the broker side. The ironic thing with the banking side is that they are not required to disclose YSP but they offer clients higher rates because they are "retail", and then claim the brokers are ripping people off. It was an eye opening experience for sure to see the attitude of the banking world towards the broker and how it was taught and preached over and over that brokers take advantage of people. I find this very interesting because I just stole a deal from a Wells Fargo mortgage banker by giving the client about \$300 less in closing costs than Wells Fargo quoted and .125% better in rate than they quoted, all because I could get YSP on my loan. I am able to make some money and the client is able to get a better deal than that being offered by the bank. I foresee the proposed change limiting my options as to products and lenders I will be able to use on behalf of my clients. I guess I am at a loss as to how that would benefit any of my clients. One of the biggest advantages I have over any bank, is simply that, I am not a bank. Not every institution has the same guidelines and rules, so I get paid for knowing where to send a client's loan based on thier scenario. If I am limited to the number of banks I can deal with because they don't want to extend "compensation agreements" to us or if they cut some of their product offerings, the end result hurts my client(the consumer) because I then would not be able to do what I am in business to do, which is to find the best loan product available to my client. If we would be required to papertrail how we derived which loan product worked best for the client to protect ourselves, this would only lead to mass confusion for the consumer if we were to disclose our thought process and reasoning to the client. In my experience, I do try and give clients 3 options to choose from; from the lowest

rate/highest costs up to a higher rate/lowest cost option. Invariably, the client mixes a combination of all 3 together into what they think they are getting because of course they like the low payment with the lowest rate and they like the low costs with the higher rate, and in a perfect world that is how it would work, but it doesn't. If we are asked to add more to the plate for a consumer to digest it simply won't work. From my banking world experience, I found it offensive when we would get e-mails from management encouraging us to use certain products for our clients because they are "profitable" to the bank. HUH? When did it ever become the correct choice to select a product based on what was good for the bank? In my opinion, the mortgage world should be the mortgage world period, with all of us playing under the same rules. The problem arises when you have mortgage brokers and mortgage bankers playing under separate rules, how is a consumer supposed to figure out which is the best for them and their family? I run a 2 man company and we are very competitive because our costs/overhead are low and our business comes from referrals and our favorite thing to do is to beat the big boy banks and give our clients better deals than they can get from the "big boys". It seems this proposal would put major limitations on what we would be able to make on any given deal along with an increase in liability, both which would negatively impact the bottom line and the viability of our livelihood and business. My solution to the problem would be to move forward with the new HUD GFE although it has some holes as well, but most importantly as mentioned earlier, make all banks and brokers play on the same field for the benefit of the consumer. If that is the ultimate goal, to allow the consumer to be better informed when faced with a decision when it comes to their mortgage options, then how can that be possible when they can't get consistent information from a mortgage broker and a mortgage banker? Thank you for the opportunity to comment on the proposal as it does have a direct impact on me and my family and my ability to provide for them. I left the banking world because I felt sick almost daily living with the knowledge that if I were in the broker world where I started, I would have been able to give 80% of my clients a better deal than I could give them through the bank. This was one of the major reasons I left and opened my own company so I could ensure I was giving clients the best service and products available. Regards, Jim Roberts President True North Mortgage LLC