

From: NAMB, NAHB, National Association of Realtors, Quincy R. Clark
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:

Setting a flat fee will be a major impact to the low income borrower seeking a home loan. All loans are not the same. The amount of time and work involved in a home loan for a first time home buyer who does not have 20% down and a credit score of 740 is much greater than the established home owner that has the credit and income to walk in any bank and get approval on the same day. It stands to reason that if a flat fee is imposed that the fee will be based on a large to medium loan and that will be an increase in cost to the buyer of a \$60,000.00 home. Eliminating YSP and requiring the lower cost home buyers to pay the fees or the seller to pay the fees will cause the small home buyers major problems. The way the system works now is to only charge the buyer up to 1% orig fee and earn the balance of the funds needed to offset the cost of processing with YSP. I suggest that you look at some of the state regulations such as Georgia which does not set a flat fee but sets a max percentage that can be collected in either YSP or points. This is fairer to the small loan customer because it allows him/her to pay the cost of the loan over a period of time with a slightly higher payment and not have to take money from the seller or to pay additional money out of his/her pocket. You must keep in mind that the mortgage broker and loan officer does a service and they have cost involved in performing that service. If they can not make a profit sufficient to stay in business they will close and this will hurt the consumer by providing fewer choices. I have been a loan officer for banks and mortgage broker for over 30 years. I have numerous home buyers that have sent me thanking letters for assisting them in getting a home financed so they could have the American Dream. I can assure you it takes on average about 2.5% of the loan amount to pay my overhead and make a small profit. If the buyers have to come out of pocket with that fee on smaller loans it will be an additional hardship. If you set a flat fee then the fee will be based on a dollar amount equivalent to the cost of the average loan. It will be a reduced fee for the guy buying a 2 Mil home and an increase for the guy buying the

\$50,000 home. Please re think this before it is to late. I would like to stay in business but I will close my shop and lay off all of my processors and loan officers if this happens. I do not see a way to make it work and keep my doors open. Thank You for considering my point of view Quincy R. Clark