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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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Is the purpose of the legislation to eliminate the profit margin entirely for the mortgage broker industry and thereby kill it or are we trying to eliminate excessive yield spread abuses to the public? If number one, then we would need to eliminate profit margins for all businesses which use mark-up such as grocery industry, clothing industry and industry which requires a mark-up to survive, even the legal industry. If number 2, then you simply could put a cap on yield spread such as 1 percent instead of implementing a new set or burdensome regulation. Reasonable yield spread helps the public in that otherwise they would have higher out of pocket expenses (which quite often they do not have) which would be required to replace the compensation now paid by the banks and required to operate the broker business. Why do we need the broker business? It gives the public face to face contact with a real person to explain the transaction, it expedites the closing process and most of all the broker is able to shop the banks for the best possible deal for them both expense wise and rate wise. Currently most mortgage originations are done by brokers for the above reasons. Sometimes we feel that the real purpose of this new legislation is to make the playing field uneven and tilted in favor of the banks. I hope not in the land of freedom, America. P.S. The risky loan programs such as "no income, no ratio, no doc." were designed by the banks not the brokers and these loan approvals were underwritten by the banks, not us. Thank you extremely for your time and consideration. Guy Petit-Clerc, Home Buyers Mortgage