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Subject: Reg Z - Truth in Lending

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Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages  
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The mortgage industry has definitely gone through some easy times with regards to regulation and disclosure. The current state of our economy and real estate industry clearly shows the result of the past lack of regulation. Regulation Z (TIL)- Closed-end Mortgages (R-1366) is covered with good intentions but DOES NOT bring the sought after effect and results. It appears the goal is to remove the incentive for brokers to give less favorable terms and rates. What isn't taken into consideration is the principle of competition. Free market principles are what this nation was founded on and what will keep you nation and economy healthy. If a consumer wants to purchase a product, the more choices the consumer has, the lower the price. Simple SUPPLY and DEMAND. Regulating YSP will cause the following problems. 1) Limited choices for Brokers Brokers will need to remain competitive with their consumer and will seek ways to find their lost compensation through agreements with specific banks. This STEERING would not be in the best interest of the consumer but the broker has no other options if he is to remain competitive and in business. 2) Limited choices for Consumers Consumers will find less competition as many brokers will not be able to receive sufficient income to stay in business. Less competition means higher prices for the consumer. Again, simple SUPPLY and DEMAND. It's the same argument for big banks versus small mom and pop broker office. Both must exist to keep rates and fees low. 3) Fewer Loans for both Consumer and Broker Some times consumers do not have enough cash to pay for closing costs on a refinance or purchase loan that will greatly benefit the consumer. The alternative is to educate the consumer on the broker's ability to have the lender pay the broker YSP so the broker can then pay all/some of the consumer's closing costs. REG Z will prevent the broker from offering this broker paid closing cost option and the consumer will not be able to get their beneficial purchase or refinance loan. Reg Z will result in less competitive options for the broker, less competitive options for the consumer, and fewer loans for both the consumer and broker due to the inability for the

broker to pay for the consumer's closing costs if the consumer has limited cash reserves. SOLUTION - Let the consumer have the FREEDOM to shop around for their own rate and terms with as many competitive lending sources as possible. Increasing the supply of sources will DECREASE the price to the consumer. Let America return to the principles that made it strong!