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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:

This proposed amendment to Reg Z must be withdrawn or altered. This is an attorney's dream to cash in on honest small business owners (Brokers/Originators) and community leaders. Now as it is, we disclose all compensation and fee(s) on our GFE's not only once but at multiple times in very clear and easy to understand verbiage. In addition, in good practice and required by every lender that I have an agreement with we have them sign a Mortgage Broker Fee Agreement/Disclosure (MBFA). Every client signs this UPFRONT and understands what is being charged and what is being collected via YSP and why. Limiting or restraining what already is in place as Section 32 law as a maximum comp will absolutely kill competition for business which ultimately will kill the consumer's ability to get the best deal. Limiting YSP as a form of compensation will also put thousands of good honest hard working people out of work who are employed by small business owners (mortgage brokers/bankers). The ability to make a decent living would be severely diminished which would pull good talent away from the industry. A flat fee system with multiple compensation agreements with each and every lender would reduce the ability to truly "broker" a deal, which again leads to reduced competition and higher costs to the consumer, the same thing we are trying to avoid. The time and paper trailing that would need to be created would be a total nightmare and would be unproductive to say the least. In addition, civil lawsuits by attorney's would be rampant. This would cost money, time, and reputations to good honest brokers and would ultimately push them out the door or have to shut down their business by fear of liability. How would a flat fee system be fair to the consumer if the consumer and/or other lenders are not privy to each agreement. There is no justification here that would deter the broker who places someone with the highest compensation agreement. With interest rate pricing tied to mortgage backed security instruments, rates can change instantly. You could call a client in the morning and lock in a rate at 9am for 5%, then the ADP employment data could come out and it could change the

markets and 20 minutes later the rate could be 4.75% or 5.25%. There are multiple price changes in a day depending on real time market data that if you had to justify why the rate was what it was and why you chose Lender A over Lender B would be an absolute paper trailing nightmare and again an attorney's dream to file suit to make a buck. This again would ultimately kill choice and competition due to lack of "big money" attorneys for small business owners. Anyone in the mortgage business as an originator has a reputation and the access to "Exotic products such as Pay Option Arms, 2/28, 3/27 Sub Prime products with excessive margins are LONG GONE and will never be back. We as hard working and honest people in this business realize that those products should have never been available. Many of us never sold these products, however this proposal is really targeting these types of products and steering initiatives that were done by bad apple characters whom are long gone themselves. These products are no longer available. The used car salesmen is gone and out of the business as these products are gone. Furthermore, the banks and wholesale lenders who choose to participate in third party originations as a revenue stream would ultimately have to raise their fees and prices as potential legal actions would warrant them for their own protection. All in all, fair market systems where two parties can negotiate together and where all parties are in agreement by full disclosure as we do now and are happy with the transaction is ultimately the goal to strive for. This proposal would ultimately kill fair competition and would limit the consumer's choice and increase costs to the consumer without a doubt. My thoughts are shared and echoed by thousands of people, clients, and colleagues. Please reassess the real potential here and the negative impacts that it would cause to the consumer and small businesses around the country. Respectfully, Mike Wright