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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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This is a completely misguided attempt to protect the consumer in a very unnatural way in a free market economy. Firstly, I'd like to point out that the feature of the Mortgage Banker to operate under completely different rules than the Mortgage Broker is COMPLETELY UNJUSTIFIABLE! This is just to start with. There is no earthly reason for this situation to exist. Right now we have essentially two different rules operating in the same market. How can this be justified! There is no reason, on any grounds, that continuing to legislate the industry until this absurd discrepancy exists is justifiable. The fact that mortgage bankers do not have to disclose YSP to the client is obnoxious. Every time I think about it I wonder who is at the helm in this industry. Because unscrupulous mortgage people take advantage of this process doesn't mean that this is the way to fix it. YSP performs at least as much of a service to the consumer as it does to the "unscrupulous" mortgage originator.

Removing this, or legislating how this must be used is only going to cost the consumer more in the end--which is exactly what has occurred with recent regulation regarding HVCC. Have I got stories to tell about HVCC and every one of them involves added costs to the consumer and some one them are not trivial. Let's not forget who got us into this mess. IT WAS NOT THE MORTGAGE ORIGINATOR IN ANY GUISE. It was the banking profession and all of it's political muscle, as well as, wall street, the ratings agencies, and the Fed that got us here. What you are trying to do to YSP is tantamount to operating on somebodies ankle when the diagnosis is brain cancer. Again, I say, that the client benefits with YSP way more than the harm caused by a few unscrupulous originator's. PLEASE, fix the discrepancy between Mortgage Banker's and Mortgage Broker's BEFORE anything else is legislated. Stop over-reacting to lesser problems and go after the real issues. Sincerely, Richard Klune