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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 complex article - I'm having trouble boiling it down to the basics. But it appears as though the California Association of Mortgage Brokers is making a lot of sense. To put the federal government in the position of judge and jury over consumer choices - as the Board's proposal appears to do - is contrary to the spirit of free enterprise and free competition for the consumer's business that we in this country have always valued as essential. To open up every single transaction to scrutiny of minutia is impractical - it will not work at the enforcement level. It cannot. Instead of going through all the paperwork, jumping through all the hoops, making lenders live in fear that they might have "missed something" and opened themselves up to limitless liability issues and lawsuits, let's just simply REQUIRE LENDERS TO FULLY DISCLOSE AND IDENTIFY ANY AND ALL COSTS ASSOCIATED WITH THE TRANSACTION in writing, in advance of closing. And let's require that disclosure be in PLAIN LANGUAGE that the ordinary person can understand. As a Realtor, I have explained the HUD-1 closing statement to my clients for years and years, pointing out the expenses, etc. However, not everyone works with a Realtor, and all Realtors do not involve themselves in the lending process as I and my associates all do. The CAMB makes it much easier - the consumer can ask questions about material issues ahead of time. If not satisfied with the answers, he/she can search elsewhere for a loan. The lender has to meet only one simple requirement - the loan costs between disclosure and closing must remain the same. That's easily observed, easily enforced. The issue of fluctuating interest rates between disclosure and closing - creating the potential for charging "buy down fees" after the fact - might be managed by creating a standardized free loan lock period; by publishing competitive interest rates in the paper, or other means by which the consumer can evaluate his proposed loan. However, to force mortgage brokers, especially companies with only one or just a few loan officers, to comply with a complex laundry list of requirements that it is difficult if not impossible to properly evaluate is burdensome on honest businesses, is an invitation to frivolous or fraudulent lawsuits, creates a huge new layer of expensive yet ineffective paperwork AND, most importantly, it may well force many small lenders out of

business, thus ELIMINATING competition instead of encouraging it. Thank you for your attention.