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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:

It is my opinion that the changes proposed are going to heavily favor the banks and put those of us who are brokers into extinction. We are already making full disclosure to customers the fees that we are charging them directly and we disclose what is being paid to us in the form of compensation from the lender for taking their loan there. There has been an assumption made that rate is the key issue for all borrowers, when that is truly not the case. In a purchase transaction, many times customers have struggled to save enough money to purchase a home. They look at matters as to a certain percentage to put down on the home and do not take into consideration the closing costs, escrows and fees for doing business. When a customer is short these fees, rate is not the primary consideration, but instead, money to close. I disclose fully that I am going to get paid for what I do, and that the customers have options to pay me directly, let me get paid from the bank because they are going to pay a higher rate, or some combination of both. I have had both ends of the spectrum when giving customers that choice. Why would a customer who knows that they are likely to have to move in 2-3 years because of their career or some other outside factor, ever choose to pay all their fees up front? This would force them to essentially throw away money every time that they needed to move or refinance. The Mortgage Broker Fee Agreement Disclosure gives consumers as much information as possible about what they are truly paying for the loan that they are getting. If you would care to modify the wording to specifically state that the compensation that I receive from the lender is due to the fact that they are paying a higher rate. I am still not certain that this will ultimately help the consumer, but it is a good place to start. It is my opinion that part of the problem with the mortgage loan process is that there is so much paperwork involved that by the tenth signature, if not before, the customer is desensitized and is no longer listening/paying attention to the information that is being presented to them. If you want to truly help the

consumer and everyone working in the mortgage arena, let's assume positive intent and streamline the disclosure processes. Unless it is going to be regulated that ALL banks have the same pricing, same underwriting guidelines, and same compensation for ALL loans, there is no way to make this proposal beneficial to anyone. What is going to happen to the customers that I have that live in homes or are buying homes that are well below the national average? No one is going to want to pay me a standard fee to be delivering \$30K loans when the national average is over SEVEN TIMES greater? I am confident that the lenders are not going to pay me the same fee for a \$30K loan as they do for a \$219K loan, at least not with the same rate. Please consider modifying the current disclosures to more fully encompass the sentiment of what you are trying to accomplish instead of making this move. When I was trying to draw a parallel to other industries, I see what is proposed to be the equivalent of telling Walmart that they can only make \$1.00 margin on each product that they sell, regardless of anything else, or telling a car dealer that they can only charge \$100.00 over the price that they have paid for the car. This is still a free trade market and I believe that we should be able to perpetuate ourselves in a laissez faire environment. Caveat emptor - Let the buyer beware. While I try to educate consumers and encourage them to shop around, I cannot make them do so or become more informed if they choose not to be. Thank you for your time and consideration.