From: Dirk E Wall

Subject: Reg Z - Truth in Lending

Comments:

Date: Dec 04, 2009

Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
Document ID: R-1366
Document Version: 1
Release Date: 07/23/2009
Name: DIRK E WALL
Affiliation:
Category of Affiliation: Other
Address:
City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

There continues to be a rash of legislation being rolled out trying to circumvent the problems that existed in 2006 to 2007. Many of the rules rapidly,being enacted are designed to address problems that do not exist today! Many of the loan products, such as negative amortizing loans, and subprime loans do not exist anymore. The industry has gone through a tremendous amount of self-correcting. The underwriting standards, and over-analyzing of data has made it very difficult to approve above average borrowers. Borderline clients simply cannot get a loan approval. As these new rules role out they consistenly have unintended consequences, that actually cost the consumer more and give them less options. Such as the non-portability of HVCC appraisals, clients are paying for more than one appraisal and at a higher fee structure to compensate the Appraisal Management company! This pattern will continue to eliminate competition, being anti free enterprize and limits consumers options. There are major problems with the new Good Faith disclosures: Banks and those employed by banks have a different rule book than brokers that are usually self-employed small businesses. The public will be very confused if they try to compare apples to oranges. We should all have to use the same forms and disclosure rules! The use of yield spread has allowed brokers to offer more product options to the consumer. From a high fee to a no fee loan, yet allow the broker an oppotunity to earn a profit to stay in business. If this option is eliminated, brokers will just raise their fees. Lenders will not offer extensive rate sheets since there is no incentive. They will just offer padded rates, where the bank makes money on the secondary and broker gets a flat fee. Currently the big banks, such as Wells Fargo, Bank of America for instance quote 90 day locks, they are terrible inefficient and take forever to close a transaction, in addition I have helped managers and employee's of these fine instutions do personal transactions in about a 30 day time frame. I have been able to offer lower rates than they could get at their own bank and in many cases it included yield spread premiums. So by using a mortgage broker they get better, faster service and a lower rate and I get paid to help them. What is wrong with that picture. It is about consumer choices, not big slow over priced banks that do not disclose overages. Underwriting has become so difficult now that our average file is sent to two banks and many going to three banks just to get a loan approval. It is not about the lowest rates, it is about being competitive and actually getting a client a loan. If we have to disclose three banks pricing and some are higher in fees, why would a client choose them? But if the file is sent to the one with the lowest fees and they turn down the file, then you have to start over and go to next lowest one and so forth until someday you have a loan approval. How is basing this all on fees benefiting a client. When time deadlines and slightly higher fees might make more sense. The loan officer should be able to select lenders, based on coversations with the underwriter about the facts. This will lead to a process of getting results not based on whom has the lowest fees. This industry is not a comodity that can be purchased at a grocery store. It is about service, collecting data and compiling it. Some of the facts of each client need to be discussed with possible banks. Many times during this process you discover that certain banks and programs will not work for this client and you need to keep searching. There is no price in this process. If the legisation continues to make it too difficult to present, then multiple options will not be offered. We are already putting in double the work due to underwriting tightening. If we have to conintually offer three options knowing that the only honest way to present these accurately is to fully submit a full file at three banks at once work through all of their questions to get hopely three full loan approvals that now can be accurately rate priced, will be very time consuming. I for one will have to charge double to triple my processing fee just to get this piece done. Lenders will find they are doing all of this work yet many loans close somewher else so they will raise their administration fees. They have increased by over $300 average per bank this year. These policies with increase the work required, raise admin costs at all channels and give the comsumer less options. Why do this for six differnt programs! No one will do it. Can you say 30 year rates are the only option and the rates will be .250 to .500 higher than current rates for no market driven reason. Currently rates are issued daily and they change one to three times a day. Why bother with this new legislation. They will be padded to cover the higher internal costs and time frames thay they must be guanteed for. This continued rolling out of new rules without a decent trial period will end up with the uninteded consequence of costing the consumer more, giving them less options and lower overall service as the big banks take over and more small business go broke. The goverment should not forget its role of protecting free enterprize the backbone to the United States!