

From: Approved Finance, Alan Mandelberg
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Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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Name: Alan Mandelberg
Affiliation: Approved Finance
Category of Affiliation: Commercial
Address:

City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

I wish to comment on the stupidity of the proposed rules governing yield spread premiums for mortgage brokers. I should like to say at the beginning that I fund loans through a direct lender warehouse line. Consequently I will be exempt from the worse features of these rules. Yield spread are not a deceptive practice so long as no deception is going on. This should be obvious. The borrower needs to know his or her options: whether to pay more for a loan or accept a higher rate. When there are value issues and/or adequate down payment/available savings problems, allowing the broker to accept a premium as opposed to paying the broker "points" can be the best option, sometimes the only option available to a borrower. This flexibility needs not to be impaired by the proposed rules. I would like to think that the negative consequences of these rules would be "unintended." However this strikes me as another attempt to strangle the independent mortgage brokerage business - just like the odious HVCC. The net result of all this will be only the big banks making home loans with less choice and higher mortgage costs for the consumer. This alleged "reform" needs to go in the trash heap.