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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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I am writing to let you, the Federal Reserve Board, know how I feel about the proposed Regulation Z. It is unfair, but mostly it is flawed and will hurt the consumer attempting to secure a mortgage. Here are the reasons: 1. Your proposal will create a situation where steering to the lender with which the broker has a best "flat fee" agreement will occur. 2. As the brokers liability increases there will be a trend for less competition. 3. It is evident a great number of lenders will choose not to participate in these flat fee agreements, further curtailing the the competition that a broker has to offer the consumer. Why the Board chooses to look the other way on HUD's attempt to fix the problem is beyond comprehension. Regulation X although flawed is certainly a better and more effective way of dealing with the problem. One of the boards objections to the Huds's proposal is that it would not include overages in transactions where the originator is employed by the creditor. To solve this why not tweak the Hud's proposal to include loan originators that are employed by the creditor The Board's fears that actual credits to the borrower using the YSP from higher rates to help the client minimize there up front costs are exaggerated. A disclosure showing that several rates and origination fees where presented to the borrower would take care of that problem In addition a 3d party disclosure which stipulates that he has witnessed the consumer being informed and being made plainly aware of all of the brokers compensation and the source of the compensation. Lastly I would like to add that the mortgage broker has been fingered, unfairly so, as a villain in the whole mortgage debacle. When I buy a car, I have no clue what the dealership, team leader, sales manager, and sales person are making out of the deal!!!! They can't even explain what the SRP is. Why treat mortgage brokers like pariahs when on a daily basis other forms of businesses do not get this type of unfair scrutiny. I understand the boards well intended efforts to protect the

consumer from unscrupulous lending tactics. But hamstringing the mortgage broker in his attempt to help the consumer will not achieve your goal.
Sincerely, Burton L. Brunng