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Subject: Reg Z - Truth in Lending

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Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages  
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Comments:

The new regulation proposed by the fed concerns me on a number of levels. First of all it looks as though you are trying to eliminate brokers from the loan industry which would be a grave mistake. Brokers offer necessary competition to drive rates down. They offer a more personal relationship with the homeowner and can get loans done in more timely fashion. At their peak, Bank of America was taking 6 months to do a loan. Imagine the inundation of borrowers trying to get a loan once Brokers go out of business, it will take a year to get a loan done. This is just unacceptable and it should be considered in your decision as an extremely possible immediate ramification from this regulation. People trying to buy houses will be in contract for 360 days-HOW IS THAT GOING TO HELP THE ECONOMY? Also, YSP (Yield Spread Premium) does serve a purpose. When someone wants to do a no-cost loan including a streamline on a shorter term that will offer them a lower payment, they can use the YSP to pay off

3rd party closing costs such as title and escrow. YOU WOULD BE TAKING THAT OPTION AWAY FROM THE BORROWER. AGAIN I ASK, HOW WILL THIS BENEFIT THE HOMEOWNER

WHO WISHES TO PAY NO COSTS? In addition, you propose a flat fee. Well all that is going to do is have the unscrupulous broker send their loans to the highest bidder who will subsequently offer a higher rate. AGAIN I ASK, HOW IS THAT GOING TO HELP THE BORROWER? And finally the flat fee paper trail. I'm not sure how you expect to POLICE or Regulate this. It will cause more confusion for the broker, the homeowner and the lender. I would like to add that it has been my experience that homeowners want to know that their most important investment is being handled by an experienced professional they can trust. By over-regulating, you are taking away a Cornerstone of this business, the Broker, who plays such an important role in keeping the industry operating and on a sound foundation. So I urge you not to make the mistake of creating a

"monopoly" in the loan industry. THE REAL ONES WHO STAND TO GAIN ARE BIG BANKS.  
And THE ONES WHO WILL SUFFER ARE ULTIMATELY THE ONE YOU ARE TRYING TO  
PROTECT,  
THE HOMEOWNERS.