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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 OPPOSE the proposed amendment to regulation Z to eliminate YSP pricing and replace it with a flat fee arrangement between a mortgage broker and lender. 1. There already exists an ample amount of mechanisms for the consumer to effectively shop for a mortgage loan, ie, on-line, advertising, etc., whether YSP is being paid or not. 2. In a flat fee arrangement, the broker would be inclined to place a loan with the lender paying the highest flat fee to them. The flat fee concept therefore, would not fulfill its presumed purpose. 3. Consumers have varying degrees of difficulty in their financial situations which require more, or less work required on the part of the mortgage broker. Consumers with seemingly difficult situations at the onset may not be considered for an application if the flat fee compensation is considered insufficient to cover the work involved. Some consumers will therefore, be undeserved. 4. The removal of YSP is anti-competitive. In 2007 there were an estimated 53,000 mortgage brokers in the industry. Currently that number is around 15,000. I speculate those who still remain practice their business with integrity. By instituting a flat fee arrangement, thus limiting the compensation a broker may receive, a significantly additional amount of mortgage brokers will have no choice but to leave the industry. This will leave less choice for the consumer and will serve to increase costs and interest rates.