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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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My main focus with this correspondence is to try to address one point in particular YSP (Yield Spread premium)!!!! The changes to the GFE (good faith estimate) and the HVCC (Home Valuation Code Conduct) are a pimple on the industries butt in comparison. Its no secret that Bernie Frank and Chris Dodd and others have decided that the mortgage broker is the official cause of the mortgage collapse...forget all the banks that made the loans possible or the ratings agencies stamping B-C loans A+ (the REAL catalyst for this meltdown). The regulators in DC need a scape goat and we have been nominated for that position, so be it. Our contacts, experience, insurance, broker/lender agreements, networking/advertising costs, assorted overhead and operating costs...just the inherent risk of being self-employed in today's economic climate - all to be able to help people and make a living in the process. How is it unethical to expect a lender to compensate us for giving them a loan on which they will make hundreds of thousands of dollars over the years - and regulate US so we make little or nothing? Less competition and decreased supply will lead to higher prices and more profits for the only institutions left, the Banks (the same ones who were complicit in these poor lending standards and are now sucking off the TARP teet at the taxpayers expense). The concept of charging a flat fee is preposterous in my market (Pittsburgh, PA) as the average home sale is around \$100K. To cap us with a percentage would be devastating, when compared to other parts of the country where the average home prices are 3-6 times higher than ours. Keep in mind too that many originators work for someone else and would typically get 50% or less of the YSP which would amount to (assuming the 2% cap some have talked about) them walking away with a couple hundred dollars after taxes on a \$40-50K loan...all for working their ARS off for a MONTH or more! No one caps the guy who runs the meat market or the restaurant you eat at - I've paid anywhere from \$1 to \$20 for a

hamburger depending on location and quality, I don't get it...this IS still a free market, no? Supply and demand, a concept I mastered in high school - why does it cost more to drive a BMW than a Toyota - you get what you pay for - you can't cookie stamp an entire industry. If a cap needs to be implemented, you should keep in mind smaller markets like ours. What would the ramifications be if literally millions of people hit the unemployment lines due to a rash and unrealistic (unethical?) regulation that forced all brokers to close their doors. If the appraisers thought HVCC was bad, wait till the majority of brokers, title companies, appraisers, processors, underwriters, entire wholesale divisions at banks nationwide - EVERYONE went under virtually at once??? There seems to be no clear focus on how YSP will be re-distributed to the borrower of reduced (eliminated) from the broker, I can assure you no matter how it's implemented it will not end up being a benefit to the borrower, and will only complicate the process even more. I IMPLORE you not to take away the consumers right to a competitive product, and our right to a fair profit. We have self policed our industry in conjunction with the stricter laws and penalties from both lenders and agencies, not to mention public awareness. It's time to take hold of the numerous and tougher standards and industry guidelines already implimented and see how it plays out for 12-24 months before any drastic industry ending measures are contemplated. Thank you for your time, I pray you look at the big picture.