From: Summit Mortgage Corp., Bonnie B. Gress

Subject: Reg Z - Truth in Lending

Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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Name: Bonnie B Gress
Affiliation: Summit Mortgage Corp.
Category of Affiliation: Commercial
Address:
City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

The proposal to eliminate Yield Spread Premiums has it's roots in the desire to protect the consumer. Although this is commendable, the implementation of the proposal will cause harm both to the consumer and the economy. The Federal Government in attempting to stem the flow of foreclosures and bad loans has already imposed pages of new regulations on our industry. Economists agree that the housing industry is the engine that drives the economy, and the President has attempted to stimulate housing by giving the big banks billions to loosen their lending purses and by keeping rates artificially low. Implementation of the elimination of Yield Spread will effectively also eliminate a majority of mortgage brokers from the market, as it will also eliminate much of their income, thereby eliminating thousands of small businesses from the tax rolls. In the current economy is it wise to consciously drive thousands of thriving businesses into bankruptcy? Is it really in the consumer's best interest to eliminate all competition to the big banks? What choices will be left to the public looking for a mortgage except Wells Fargo, Bank of America, Citibank, GMAC and Chase? They can charge what they please, set interest rates as they see fit and totally control the marketplace. In the interest of making sure people make the right decision, this rule will be effectively eliminating their chioce. Finally, let's look at the new TILA disclosures forms and how they impact brokers. As of January 1st of 2010, it is Federally mandated that every instance of Yield Spread be documented on the Good Faith Estimate as a CREDIT TO THE BORROWER. The new rules have already eliminated the broker from benefiting from any Yield Spread, rather that benefit goes to the CONSUMER, you know- the guy you are trying to protect. Seems like this is the best protection of all. Giving him the money. If the broker wants to make any part of that yield spread his income, it has to be disclosed in the lump sum which is his compensation in Block 1 of the new Good Faith Estimate, and what consumer is going to want to deal with someone that is charging him enormous fees to do his loan, even if he is credited back some of

that money on the next line? It seems to me that you have already put measures in place to eliminate yield spread. Why further restrict what you have already effectively restricted with the new disclosure rules? If the new rulings are simply enforced as written, the consumer will have all the information he needs to make an informed decision, he will be protected against unscrupulous brokers, and the market will take care of itself. The proposed changes are unnecessary and redundant. Thank you for your kind attention. Respectfully Yours, Bonnie Gress, Summit Mortgage Corporation