

From: Allstate Mortgage Company, Kristine L Anderson-Manos
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: Kristine L Anderson-Manos
Affiliation: Allstate Mortgage Company, CAMB, NAMB
Category of Affiliation:
Address:
City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

I am sorry, but the current proposal is so wrong for the consumer, that it is not even funny. It will make it more expensive for the consumer and drive away the good mortgage people from the business. The unscrupulous mortgage brokers will find the loop hole, or just ignore the law, and face the consequences. YSP keeps the costs down for the client/consumer. I know that it has been abused, but that abuse can easily be taken care of by just limiting how much anyone can make on a loan...and I mean both broker and banker. You forget that the banker can be paid YSP and they do not have to disclose how much. We brokers have been disclosing what we are paid for about 10 years now. I have used YSP to pay client's closing costs when they had little equity in their home. Why can't lenders say the maximum any broker or banker can make is say 2%? That way if there is a 3% rebate, 1% is paid to the client to buy down their costs? this is so simple! Also banks need to disclose YSP too. Aren't we also heading toward a national certification of all mortgage professionals? If my personal ID number is on every loan I do, then you can track what I do and if I am a professional or a dishonest broker. How will this be enforced? Think of all the paperwork? This is a nightmare! How do you decide what is the appropriate loan for a client? The one that charges more and can close in 10 days? or the one who charges less that can close in 30 days? Right now I usually do loans for my clients that have 0 points loans for them. That means I am paid YSP from 1% - 2%, probably averaging 1.25% - 1.375%. When you do the math with your client you discuss how long they will keep the mortgage. It does not make sense to pay origination fees to buy down the rate in most circumstances. they either do not have the money or they plan to keep the loan less than 5 years. On a refinance the points are not deductible in the year you do the financing. We the mortgage broker have been the most cost effective way to do a loan for a client for so many years. Now more than ever we need to carefully shop our loans to find the right lender. a bank is more take it or leave it with no chance to assist their client in a

meaningful way. they are just order takers. I am getting a little off topic, but it seems this is just another way to kill off the broker industry to the benefit of the banks who don't have to play by the same rules. the consumer will only suffer.