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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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Flat fee! This sound great except when you are looking at a market place. If you are going to make compensation flat fees why not make everything a flat fee, auto sales, GAS SALES, you want to protect the consumer? Let's make a flat fee for the oil companies so they can only sell at flat fee over purchase price! In this industry the flat fee will only ruin competition and the unscrupulous lender will find a new way to rip off the consumer. You need to stop trying to make new laws and ENFORCE the laws already in place. The protection you are providing is for the criminals in the industry. The tighter you make the laws the more honest brokers you run out of business because of the higher cost AND the higher risk for doing business. It is important to remember that criminal activity is curtailed by effective deterrents. Since the currently laws are not being enforced properly (no deterrent to cheat people), and there is no way to properly monitor this new idea to make it function properly, the only lenders willing to take the risk will have to cheat the consumer horrifically to stay in business while the honest broker would have went out of business at this policy's onset. This flat fee hurts buyer's because there have been situations with my clients where higher YSP lowered their "cash to close" by lowering closing costs so they could close. This idea actually limits the buyers' choices. New separate business agreements with every wholesaler? All different and all so complex every buyer would sue after every sale to make sure you gave them the best possible agreement. This would not affect major lenders with retail side like Bank of America. They could price competition right out the door. That has always been the problem with most mortgage laws, Mortgage bankers do not have to follow them. I think if the rules applied to "EVERYONE", mortgage brokers, mortgage bankers and the wholesale retail (when the originator is an employee of the wholesaler, example the mortgage loan department inside Bank of America!), when everyone is under the same rules and they are ENFORCED. We can see protection of the consumer in

the market place when the consumer can find the best deal for them. I hope you allow the new GFE (regulation Z) to show whether it is going to slow the consumer's fraud before trying to tight the business practices even more without cause. The whole idea of making it possible for American's to own their own home and stabilizing the housing market, thereby stabilizing the economy should be the goal. This idea is not going to help anyone.