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The basis of our free-market system is consumers being provided choices and freedoms in conducting business with reasonable protections under the law. Mortgage brokers currently provide counseling, agency duties in transaction negotiation and the service of loan request packaging, submission and follow-through. Each case it's own and a broker is due fair and appropriate compensation relative to the separate duties and complexities each loan entails. Each loan has it's own set of priorities based on the borrower's needs and their short and long-term goals for their own finances and the property. Any elimination or alteration of yield spread premium paid to a broker will severely limit consumer choice. If a consumer doesn't have the money to pay for a broker's flat fee service and a YSP option can, the consumer is better served. If a consumer is willing to pay more through YSP at a lender that can close a loan in 10 days versus 30, they are better served through having the choice.

If individual brokers have flat fee YSP agreements with each lender they work with, what prevents an unscrupulous or ineffective broker from operating in the industry? Nothing. Fraudulent loans can still be originated and deals will still fall through due to negligence on a bad broker's part. Mortgage brokers that are effective, honest and earn their businesses through the ethical and professional treatment of their clients should be allowed to earn freely in the market place, as do attorneys, doctors and mechanics. Their business practices and efficacy are fully rewarded in a largely referral based industry. Those that operate outside the boundaries will be eliminated as the new Good Faith Estimate mandates more clear communication between the broker and the consumer. Any changes to fair and disclosed Yield Spread Premium should be tabled or stricken from any new Reg Z rules.