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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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Comments:
I've been a Correspondent Lender for 21 years and am proud of the services I've provided to my clients in Denver CO, by educating them and advising them on different loan options as well as educating them on interest rates and when the best time to lock may be. I have originated one subprime loan in 21 years because those loans never felt right or made sense to me. It took me 3 years to do get my values to feel right and offer my first 100% loan and I think I did 3 of those in my career. On the other hand I did deliver 'stated income' loans which made sense to me with self-employed buyers who had complex tax returns etc. Frankly for a self-employed buyer who has excellent credit but complex businesses, I was sorry to see the 'stated income' with 'verified assets' loans be deleted from our lending options for S/E consumers. My average borrower's mid FICO is xxx so my clientele tends to be educated, up-standing, well-read, and mindful of their future etc. In today's market, with the current underwriting guidelines and incredible tightening with underwriting requirements, we are already spending at least twice as much time sheparding each file thru the process from start to finish. I cannot imagine how hard and time-consuming the new laws will begin to make this industry if the rule is passed where we have different compensations with each investor, and where we will soon have a 3 page GFE template to explain, as well as the current 36 pages plus 9 pages in our Colorado lock disclosures. Clients get blurry eyed as we walk them thru their various disclosures. I think the biggest reason we have cleansed the industry of criminal or 'slime bag' loan officers is by making them stay licensed, pulling their credit reports, and fingerprinting them for previous crimes, etc. It is an udnerstatement to say that the industry today is baffling and confusing to the consumer and I now spend twice the amount of time explaining UW guidelines, credit scoring, and closing costs as I did 2 years ago and am making less in commissions. I am afraid that if you implement a 'cost per transaction' commission structure as is being reviewed now, it will leave the US with simple 'order takers' who have no Financial Counseling or

Planning strategies or expertise, and who will take no pro-active interest to monitor rates for their clients or we will end up with loan officers who know very little to be able to educate or advise the buyer when the best time to lock is, or how the interest deduction works for a homeowner, or when does it make sense to pay points, or if they don't have 20% down, the different options they may have to avoid paying mortgage insurance, etc. I am worried that someone like me; a Senior Loan Officer/Mortgage Professional, will not be able to afford to stay in this business and continue to advise clients and their friends and family, that I have counseled for years. Please keep this reform simple and do not modify the systems too much as they are now. If nothing else, please consider just putting a maximum percentage cap on how much the broker or originator can make on each transaction. For instance, the loan orignator can make no more than 1.5% on any single transaction. Closing costs per the GFE 'upon lock in' need to be within $150 from that 'lock in GFE' at closing.
Buyers could gather 'Pre-lock' GFE's to shop the lenders. PLEASE do not add on any additional commission over-lays to make this business more cumbersome to us then it already is, as it will have a huge negative affect on the consumer as we try and explain these new commission requirements as well as all of the other recent changes to our industry that are meant to protect the consumer but seem in the end to cost the consumer more $$ and now tie the consumer to that one lender as they get farther into the process, per new HVCC non-portability of appraisals, etc. Please keep it simple and put a maximum commission of 1.5% of the loan amount on every loan. It's easy to understand and we won't have to re-negotiate with every investor and then calculate their compensation versus another investor's compensation and be forced as a mid-sized privately owned entity, to be put out of business by the giants like Wells, Chase, B of A, etc. Keep competition and education and financial planning and integrity available to American Consumers. Keep smart and compassionate and caring loan officers in the business. Please allow us to keep the internal systems the way they are currently but add a max. commission cap of 1.5% to the loan originator based on the loan amount. This will streamline this new change and will keep true mortgage professionals in the business who help educate and will continue to consider various loan options for their clients going forward. I would hate to see the US Mortgage system turn into an experience of shopping for a mortgage like those self-check out stands at Wal-Mart. There are tremndous benefits to helping our citizens understand the importance of home ownership and to have our citizens be educated when they shop for a mortgage! The country would suffer by wiping out mortgage professionals who are integral to the health of the nation, because of excessive legislation which could create compensation nightmares for the little guy. It would be a shame to most homeowner's, who do benefit from sophisticated mortgage planning and educated options.