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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:
Don't KILL competition and take away options for the consumer! I started in this business in 1998. My company is a small business and we have been awarded priority broker status by several large wholesale lenders. The top 2 got out of the wholesale business in 2008. I think this was due to this waterfall of internal issues caused by new rules on the horizon at that time. TILA & HVCC rules and now this. These rules are not necessary. The rules already on the books were sufficient. I tell all my clients that we make our money from the lender, that they have the option to pay our compensation by taking a slightly higher rate and paying NO CLOSING COSTS, getting the best market rate and paying the bare closing costs necessary, or paying a point or two up front and getting a lower rate. The Mortgage Loan Origination Agreement states how we are compensated. Several lenders now require a very detailed compensation agreement in the file for approval. The borrowers WANT OPTIONS!
They have them now, but if forced to offer one option to everyone it will drive business to the large banks and the brokers (SMALL BUSINESS) will suffer. The borrower will suffer ever higher closing costs, and likely higher rates. This crisis was caused by wall street bankers asking for any type of security from sub prime lenders. The "no income no asset documentation" loans were a big part of the problem. I sent in a pay stub for a conventional loan to an underwriter during this time and they called me to say," don't send in paystubs, then we have to review them, it slows down the procerss and will result in more conditions, please follow the automated UW findings from DU."
The Banks that will profit from this were partly to blame in this, but mainly the rating agencies. WHY were subprime loans rated AAA? They were allowing poor businesses to profit by offering 2/28 ARM's with 5 year pre-payment loans to borrowers that should have been offered an FHA loan or other fixed rate loan. We did not participate in the sub prime business very much. Our % of loans that were sub prime was less than 5% of our business overall. The pay option ARM's that were offered by the big money center banks on the internet

were a big problem too. I never originated ONE of these. They were terrible loans that mis lead borrowers. PLEASE don't kill the small businesses, eliminate competition and options for the consumer by passing this new rule. Thanks GREG FINN