

From: Americas Mortgage LLC, Lonnie Glessner
Subject: Reg Z - Truth in Lending

Comments:

I have been a mortgage professional for 12 years now and I take my job very seriously as I used to be an accountant and financial advisor as well. As a financial professional I would say that an Option ARM is suitable for probably less than 1% of consumers. I have never found a client for whom an Option ARM loan made financial sense. Personally, I think to obtain an Option ARM borrowers should be of high income or net worth just as some financial securities can't be purchased without a certain income level or net worth requirement being met. Caps on margins and pre-payment penalties would have been great tools as well.

As for YSP it's about choice for consumers. I have asked each of my clients this question: "would you prefer to save \$5,000 at closing or save \$30 a month?" Hundreds of borrowers of every social strata and demographic have answered this question the same way, "I would like to save the \$5,000 upfront at closing." This question is about how do you want to pay your closing costs: in cash at closing or in your monthly payments? Without a doubt consumers prefer to pay them over time in their monthly payment. With the elimination of YSP this will NOT be an option anymore for them. Having options and choices in my opinion is what America is all about.

Second, just last month I closed 3 of the toughest loans I have ever closed in my 12 year career. In one case, one borrower lost his job 2 days after being under contract I had to redo the entire loan with just his wife's income and we had to refinance their car, pay off other debt with gift money, get a letter from her employer about her income which had some unique features, and oh did I mention he had a bankruptcy that was only 2 years old. A second couple needed lots of gift money for the down payment and debt payoff and his income as a pilot which is variable was incredibly difficult to get approved at the income level we needed. I talked to 15 different banks about his income and 11 of them said "no way" and four of them said maybe. It was bank number 3 that we got their loan approved. My third clients did not have good credit, needed gift money, he had job history issues and we were doing a very complicated FHA renovation loan. For 5 weeks straight I worked 70-75 hours a week to get these 3 loans approved and closed.

In each case the borrowers had NO extra money to pay my employer more than a 1% origination fee. Without the additional earnings I received from YSP for these 3 difficult loans I would have told each borrower it's not possible to close your loan because it would have been too much work for me. I will not sacrifice my family time like that for borrowers like these for a paltry 1% origination fee that I only get a split of. It's not worth it to me or my family and it's not fair to me or my family either. I guarantee you that each borrower believes that I am worth the extra money they will now be spending in their monthly payment to achieve the dream of home ownership. If you were to ask them is a monthly payment that's higher by \$30 worth it to you to be able to own a home, they would each say YES!

Three years ago mortgages were easy to get approved; today it is a different story and it requires a dedicated hard working expert to get most mortgages closed. To close a conventional loan I often have to get 3 approvals and thus

know 3 different set of guidelines. Those 3 approvals are from Fannie or Freddie, our bank or lender, and then the PMI company. At least on a FHA or a VA loan I only need 2 approvals and need to know 2 sets of guidelines.

Personally, if all I can make on a mortgage is a 1% origination fee that I split with my employer, I will have to consider another line of work or I have to change my business model. I may choose to work only with move up buyers with excellent credit who need larger loans of \$250,000 or more. Second, I will quit working evenings and weekends and clients will have to adjust their schedules to meet mine. Third, I will have to cut my expenses which currently total about \$30,000 a year. This means I will fire my part-time assistant, my business coach, and my marketing will have to be by email which means I just fired my marketing and printing company too. That's not good for our economy. I am not alone in this opinion as many of my colleagues are thinking the same thing.

I will end with this-if you cap our compensation at 1% how many first time home buyers will not be able to buy a home because there is not a mortgage professional with the expertise needed. willing to do whatever it takes professionally to help them buy their dream home because their loan would be too much work for a 1% fee? There were over 2 million first time home buyers this year and I would bet 20-25% of them or about half a million people would NOT be a home owner today IF you cap our compensation effectively at 1%. Is this what you really want?

To Your Success,

Lonnie Glessner
America's Mortgage LLC