

From: Cornerstone Mortgage Center, Gary M OConnor
Subject: Reg Z - Truth in Lending

Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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Name: Gary M OConnor
Affiliation: Cornerstone Mortgage Center
Category of Affiliation: Other
Address:
City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

My name is Gary OConnor. I have approximately 30 years experience in mortgage lending, holding middle and senior management positions with mortgage lenders and several state banks. I disagree with the proposal to implement flat fee agreements between mortgage brokers and their mortgage lenders. Over the last 2 years, legislators, Fannie Mae, Freddie Mac, and HUD have continued to barrage the remaining mortgage loan originators with new legislation, requiring additional documentation and more stringent credit guidelines, in order to protect the interests of banks and borrowers. Some of the changes were good for the industry. Many turned out to be more restrictive to the interests of both. The desire to penalize the good loan originators in order to get rid of the few bad, has caused an overall nightmare in mortgage lending. Many of us with genuine interest for their clients, have considered leaving the industry. In the end, only the bad guys will remain. Those lenders offering slightly improved rates, but poor customer service (closing time, inaccessible communications, unique policies on credit and properties) will advance as brokers will have no choice but to use them, thus further separating them further from the competition, who may be able to provide quality service. All lenders and brokers must be competitive on rates, fees and service, or they will not have many customers. This proposal will reduce competitors and that is not good for the industry or the borrowers. The proposal does not take into consideration that many lenders have individual differences in the lending guidelines. Hence, a borrower may have uniqueness best suited to lender A, who may have a slightly higher rate than lender B. The proposal would require that lender B be proposed to the borrower. If the loan is declined, HUD will not allow another lender to originate and potentially approve the same borrower, so even though the borrower may be approvable, he will end up not purchasing a home. There are so many other reasons this proposal is poor, ie, no more no cost loans to borrowers, where the YSP will cover those costs. This is another example of legislators getting involved, implementing new requirements for the

best interest of the consumer, and a result of a detriment to the consumer.
Please do not consider implementing this proposal.