

From: All American Mortgage Corporation, John P Toole
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: John P Toole
Affiliation: ALL AMERICAN Mortgage Corporation
Category of Affiliation:
Address:

City:
State:
Country: UNITED STATES
Zip: PostalCode:

Comments:

Comments on Proposal R-1366: Regulation Z-Truth in Lending-Closed-end Mortgages
In your upcoming vote that could change the way that mortgage brokers are paid, mainly YSP, please consider this example: You want to buy a home. You drive down a desirable street and find 2 homes that are right next to each other-identical in lot size, square footage, bedrooms, bathrooms, etc. From a distance, they are virtually the same in every way. Both homes are even priced the same. The home is the product. Upon closer inspection, you discover one house needs a fresh coat of paint. The other home needs quite a bit more work. This home needs to have rotten wood replaced, caulking needs to be done, sanding needs to be completed, a coat of primer and a coat or two of paint. Now, the product is not the same. One home will require quite a bit more work than the other. If you were to call a painting contractor, to bid on each job, you would not expect the price to be the same. It is the same with mortgages. Upon closer inspection, some loans require much more work than others. Often times, we help the borrower with credit advice, or budgeting, or get involved with complex income and asset scenarios. Every loan is different, just as every persons individual situation is different. That is why the free market system works so well. Customers can choose who will provide the best product and service at the price that is fair, for the job that needs to be completed. Mortgage Brokers, like painters, can look at the intricacies of every job and price accordingly. It is a fair system. The consumer in America can shop for any product or service they desire. Mortgages are our product. Competition is good. Mortgages should not be excluded. Yield spread premiums actually help the consumer. YSP's provide opportunity and advantages to the consumer. YSP's can lower the amount of money that consumers need to close a loan. Credits can be given, and closing costs can be paid on loans that have YSP. Consumers have the choice to obtain loans with zero points on loans that have YSP. YSP's are like discounts given by quality paint stores. You can get a top rated

product(mortgage or paint)at a better price. Everybody wins. There is nothing unfair or deceptive with this fully disclosed pricing option. The Board is also requesting comment to include an anti-steering clause. I have been a mortgage Loan Originator for 17 years. I own my Mortgage Broker business. Mortgages are like most products-they seem to be the same on the surface, but different manufacturers (banks) actually have different qualifying criteria, costs and service levels. The lowest price doesn't always mean the best deal. In some cases it may be better to pay a little more to ensure the best result for the client. Perhaps the underwriting time is quicker at Lender A. Perhaps the rate is lower at Lender B, but their fees are higher. Every loan is different. Just like every consumer is different. I have always felt an obligation to my customer to place them with the lender that will be the best for their particular transaction. I don't choose a lender based on who will compensate me the most. Quality Lenders and Brokers only provide advice and loans when the transaction is in the best interest of the consumer. I compare multiple loan options from multiple lenders. Why do I do this? Because, it is the right thing to do! We have a complex product. We work under a tremendous amount of stress. Compensation for our services is fair under the current system. No revisions are necessary. The fair market system has eliminated those bank products, and those Loan Officers, that abused the system. Eliminating YSP eliminates choice for the consumer. The consumer should have the ultimate decision in deciding what loan option is best for their situation. YSP's provide benefits, choices, and options that are consumer friendly, safe, and in my experience, preferred by most borrowers. Value, effort and labor should dictate price. Thank you for your time and consideration.