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Comments:

I have been a mortgage broker for close to 20 years. I am licensed to originate mortgages in the State of California and Arizona. I agree that consumer deception and steering to loan products that benefit the originator (bank, broker, or finance company) and not the consumer has been in the lending history. It appears that these products have been eliminated from the available offerings that mortgage brokers and banks can offer at the present time. In the event that products with prepayment penalties, higher than market interest rates, ballon payments and higher than market margins, previously labeled as sub prime loans, return full disclosure regulation is critical. Consumers need to be aware of what the terms of the mortgage prior to signing and agreeing to the terms. Regardless of what terms are being offered. It is important that the Federal Reserve continues to monitor and make the necessary changes and adjustments to disclosure documentation to facilitate consumer understanding. The proposed changes to RegZ by R-1366 will not manage the terms of loans being offered or the steering of consumers to mortgage products that are not to their benefit or to products that consumers do not understand. Trained mortgage professionals who have the consumers' interest and the growth of the industry as a motivation will have the largest impact on what mortgage products are sold. Eliminating or regulating originator compensation will have little impact on consumers being steered into unfavorable mortgage terms. Poorly paid and uneducated loan officers often themselves do not understand the mortgage terms they are selling. It is important to maintain options for consumers. The choice of paying mortgage loan origination fees, choosing products with yield spreads that can offset 3rd party fees and origination fees or a combination of both is a valuable choice. It offers consumers the flexibility of selecting a mortgage that fits their needs. Not all consumers are in a home for 30 years. Most make a change in 3-7 years and the option of a mortgage without origination fees and that offer a flexible yield spread that allows for offsetting some or all of the fixed costs of obtaining a mortgage is a benefit for consumers who will make a change in less than 7 years. I hope that the modification of REGZ does not move forward as planned. It will

strongly reduce competition between mortgage brokers and banks, reduce the choices for mortgage products and deny consumers the ability to procure a mortgage that best fits their needs. It will negatively impact a struggling Real Estate Industry and possibly eliminate the mortgage broker industry. Leaving consumers the option of obtaining financing from a limited numbers of banks, who offer their staff minimal education. Ultimately consumers will be paying higher fees. Most mortgage brokers offer market competition by offering lower priced mortgages to consumers in the market place. The availability of wholesale mortgage funds, with yield spreads and the broker's ability to maintain a lower overhead than most banks make ethical competition possible. Clear disclosure documents that simply explain what the fees and costs (terms) are to the consumer are also critical. If brokers and banks clearly disclose their fees as is currently required will produce the result regulators are looking for. Eliminating choices and fixing compensation will not. Our country has been based on fair competition. Allowing competition to continue and adding focus to consumer education will have a larger impact on the desired result.