From: Pfeiffer Financial Services, Jill Pfeiffer

Subject: Reg Z - Truth in Lending

Comments:

Dear Sirs/Madams,

As I understand the new proposed rule, part of the above-referenced docket number, it will restrict the consumers' choices when structuring their financing - it will require the consumers to pay either all or none of their closing costs - no option for just part of the costs to be financed. Although I am sure the Board has valid reasons for this new rule, it appears to only limit consumers' options. Nearly 95% of my clients pay no origination fee - that is paid through the yield spread premium. As the new HUD regulations state, the mortgage broker cannot earn more money than initially disclosed. In that case, any overage of yield spread premium can go back to the consumer and pay for part of their closings costs. This new rule would not allow that option. Even now, when the yield spread ends up being more than I initially disclosed, we look at re-structuring the loan. Can the borrower get a lower rate, if not, they keep the same rate and the 'extra yield spread' can go back to the borrower to pay for costs. This rule would not allow this scenario. It seems HUD made their rule so this could happen, and this new rule takes it away. The only winner would be the banks, as they would get to keep the extra yield spread.

Additionally, some clients do not have enough money to pay for all of their closing costs - allowing the mortgage broker to pay for some costs - gives choices to the consumer. Why make them finance all costs, when they can afford to finance just a portion of them? Is not the better scenario for the borrower if they can pay for some, but not all of the costs?

Respectfully yours,

Jill Pfeiffer

Pfeiffer Financial Services