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Subject: Reg Z - Truth in Lending

Comments:

TOP 10 REASONS FOR NOT ELIMINATING YSP

The proposed Reg. Z changes, if made, will be harmful to consumers, loan professionals, and to the already fragile housing market. As written, they amount to nothing more than a collection of poorly thought out ideas. While there are many reasons for not making the proposed changes, please consider what we feel are the top 10:

1. There will be no benefit to the borrower as closing costs will go up. This will hurt first-time buyers and low income borrowers the most.

2. Very popular No-Cost loans would be essentially eliminated. Closing costs are already a burden on most people.

3. Brokers, the major source for home financing, would largely be eliminated leaving the direct lenders and Wall Street bankers (who got us into this mess in the first place) with a monopoly.

4. Potentially millions of jobs, ranging from brokers, loan officers, and processors, to the entire wholesale divisions of direct lenders will be lost.

5. Any broker still in business will simply steer borrowers to whichever banks pay the highest flat fees. What is currently a violation of regulations would, by default, become business as usual.

6. Brokers/originators will not be allowed to lower their compensation to provide consumers a better rate.This is already an issue with the TIL flags that freeze a loan whenever the APR varies more than 0.125% up or down.

7. The many contradictions and confusing nature of these regulations is likely to result in a higher incidence of litigation, particularly related to time-sensitive and higher-risk purchase transactions. Is this what we need during a housing recovery?

8. As with the loan modification debacle, manipulative and crafty originators will work the system to favor themselves and to hurt consumers. Nobody can be expected to understand these rules as written (much less first-time buyers) and, as a result, consumers will ultimately be taken advantage of.

9. Forcing brokers to pay loan originators on an hourly basis puts everyone at risk: Simply tracking hours takes time. Will that cost be assumed by the borrower? What happens in cases where the loan doesn't close? Is there a limit to how many hours a consumer can be billed for an originator's work, or do new originators earn twice as much as experienced ones simply because the experienced originator gets the job done faster?

10. Finally, this is simply unworkable. We are already in the midst of unprecedented changes that cause innumerable delays. We are not opposed to regulation or to greater oversight, but the changes must not cause more harm than good. These proposed regulations, particularly those regarding YSP, are a

disaster waiting to happen. If you really want to kill the budding recovery, toss millions out of work, and really stick it to loan consumers, then pass these rules and get rid of YSP. Otherwise, please reconsider this terrible idea and either start from scratch or, at the very least, leave things as they are.

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