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Subject: Reg Z - Truth in Lending

Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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Cleaning up abusive lending practices is needed and warranted, but I think that past 18 months have seen vast improvements -- yet it appears that you are now chasing after a ghost with this proposal to end the use of the yield spread premium. Please note: If you force lenders to end compensation via the use of the yield spread premium, you will kill the mortgage industry. You won't cripple it. You won't hamper it. You will kill it. 100's of thousands -- if not millions -- of people will lose their jobs. Their homes. Their livelihood. Originators, processors, underwriters, brokers, appraisers, title companies, notaries and their countless support staff (covering countless industries) will be out on the streets -- as not every loan is cookie-cutter (actually, no loan is cookie-cutter any more -- they are all difficult to a degree) -- and unless sufficient compensation is available, no one will be around to process and close them. In case you weren't aware of just how trying/tedious/life-exhausting it can be to close a loan within the set of regulations and underwriting requirements that are currently in place (and reading through this proposal that seeks to end the yield spread premium, it is apparent that you are not)... well, let me briefly lay it out for you: 30 to 50 phone calls to/from the customer. Emails galore. Nights. Weekends. They are moving and it MUST close on the close-date. Perfect. Let's perform another miracle... Calls to their real estate agent. Calls to their insurance agent. Calls to the Title Company. Countless calls to the lending bank. Faxes galore. 20+ page initial loan applications that must be signed before submission. More faxes. Copies of bank statements. Copies of retirement account statements. Copies of pension or disability statements. Wait, you have a rental property that we have to use as income?!? Ugh. Please find and fax to me 2 years of complete/signed tax returns with all schedules, a copy of the rental agreement and copies of rent checks. Issues with the purchase contract. Issues with amendments to the purchase contract. Issues with the property inspection. Sheesh, now it is time to order the appraisal. Have I mentioned the rosy hue

that surrounds the appraisal process? I'll spare you. Let's get back to underwriting... who has required us to document any large deposit-to or withdrawal-from any borrower account. Letters of explanation for anything not wrapped in a bow. Submitted bank statements aren't clear enough, borrower has to drive 2 hours to a branch and get a new copy. Oh, he forgot to get it signed by a bank officer. Bank to the bank for a signature. More faxes. Clearing up title issues. More clearing up title issues. Clearing up past leans. Taking care of tax issues. Borrower, did you know you have a judgment against you from 1973? Getting people to file their taxes because they can't borrow unless they've paid their taxes. Dealing with attorneys for closings in some states. Navigating wills and trusts. Spending 8 weeks working for a borrower only to have the underwriter calculate income differently and the whole loan falls apart. Clearing up title issues that require additional expenses that we pay for out of our pockets. Underwriter doesn't like the comparable properties on the appraisal, killing the loan. Legal oddities like rights-of-way and street maintenance agreements that no one has original paperwork-for. Have I mentioned condo loans yet? Sheesh. Almost to the point where most banks seem to be purposely not wanting to close condo loans. I could go on and on and on. And must I mention real estate agents who are making 5% to 6% average on these transactions... whereas we will typically work loans for under 0.5% just to get it done. To state it clearly: I routinely spend weeks, sometimes months, working to close a loan -- a process that typically requires my attention multiple times every day, at all hours and in multiple venues (I'll spare you a re-cap of the common issues outlined above). And to suggest that I shouldn't be adequately compensated is outrageous and insulting... as I, and my professional colleagues, do perform a valuable service that has me working constantly. Nights. Weekends. No vacations. And when someone needs me, I have to be available... for if I'm not, someone's loan might falter. As such, given the many hurdles that must be over-come to close a typical loan (not a hard loan or a complex loan, but a typical loan)... I don't see how the market will survive should you make this change as our invested cost to process a loan from start to close is substantial. So please make note: Ending our compensation ends the industry.