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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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Comments:
Disguised as consumer protection, if by eliminating or curtailing the mortgage broker industry's ability to offer consumers yield spread premium pricing the true intention proposed by the rule change is to eliminate the mortgage broker industry and the fair market competition mortgage brokers present retail mortgage banking operations, its sole competitor, the enactment of the proposed rule will undoubtedly achieve such intended purpose with light speed. Once such proposed rule change takes effect, the US mortgage broker industry will be immediately eradicated as competition to all US retail banking operations on all retail mortgage banking loan offerings with interest rate quotations associated with low origination fees to offerings with no cost at all to the consumer; however, primarily relative to all interest rate offerings with origination fees of less than one point. If we assume the mortgage broker industry can survive the inability to compete with retail banking operations, still with the ability to offer loans options with low cost, no cost, or rebates for all non recurring closing costs, then logic prevails that the mortgage broker industry will survive only by working with consumers who are willing to pay mortgage brokers origination fees equivalent or greater in price than par or zero points, the lowest wholesale cost legally available to all of the mortgage broker industry. What in effect takes place is assuredly the opposite the intended rule change alleges its purpose to correct, to protect consumers from the price gouging that the availability yield spread premium pricing is feared by the mortgage broker industry to exacerbate. To conclude a logical progression of the argument after such a ruling change has taken effect, should the mortgage broker industry to survive the elimination of yield spread premium pricing, every consumer henceforth to close a loan with a mortgage broker will pay substantially more for their loan than if they opt to work
with a retail mortgage banking entity with availability to lower cost financing options no longer legally available to the US mortgage broker industry. The

proposed rule change will instead exacerbate a mortgage broker Industry that preys solely upon consumers with sufficient equity, cash reserves, and/or ignorance: ignorance of less expensive financing options available only from a retail mortgage bank! Most of the dishonest mortgage brokers truly have fled our industry for more lucrative and gullible human hunting grounds. Left behind are honest, hard working, mortgage brokers, still with their clients' best interests at heart and with many years of experience. We have survived solely from the relationships we have successfully built over the years. Yes, we saved for the bad times and have been keeping our businesses runing with those savings for over two years! We have kept loyal employees collecting a weekly paycheck and off the unemployment lines. We charge a fair fee for our services. We thoroughly explain/disclose how much we are paid, whether it is from yield spread premium, borrower paid origination fees, and/or a combination of both. Without the ability to offer our clients all financing options of benefit to them, the honest mortgage broker loan agents left in the industry will more than likely opt to join ranks with the mortgage banking industry to continue working in a field they know and offering their clients all financing options these clients expect them to have at their availability. Honest mortgage brokers will not be willing to continue working in a mortgage broker industry if it limits their ability to provide their clients the quality service and products they have come to expect. Either the remaining honest small business mortgage broker companies will close or the resulting mortgage broker industry will have no or little concern that they are unable to provide consumers all of the loan options they might have otherwise been available to provide if the proposed ruling had not passed, thus exacerbating a fee gouging industry of high pressure selling mortgage brokers. A suggested solution, and one that is fair to all consumers, is to add a RESPA rule that forces all lenders to disclose their wholesale price and all retail profits, whether mortgage brokers or retail banking entities, whether yield spread premium or origination fees. All lenders should be forced to thoroughly disclose all profits and fees to consumers. In the case of banks, these would be disclosed in advance and at closing as "proposed" profits. For mortgage brokers, potential profits should be disclosed in advance and actual profits at closing. The banks that state they cannot determine their profit at the time of origination or closing because they have yet to sell their closed loans are the very same banks that are quite capable of providing wholesale pricing for mortgage brokers on a daily, even hourly, basis. It's time for banks to cut the bull and
foour American Government to demand that banks disclose honestly to consumers. It's simple, if banks can provide mortgage brokers wholesale pricing that changes every minute the market makes a turn to the positive or negative within the day, they are certainly capable of providing the same to their consumers! Our legislators need to get this concept! Banks should be required to disclose more information about a borrower's loan when it is sold the first time or within a reasonable period of time, like the first 12 months. At the time of sale a retail banking entity should be required to inform its borrowers the new investor's name (who truly holds the note) and the amount of additional profit or loss the bank incurred through the sale to the investor as opposed to the proposed profit they had disclosed at closing. Proposed profits by banks should be monitored for reasonable accuracy and there should be fines imposed for excessive profits adn/or a requirement for banks to reimburse borrowers.