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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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Why eliminate consumer choice? Getting rid of yield spread does not make sense. Many borrowers are in high rate mortgages and do not have the equity to pay points to get the lowest rate, so by not having yield spread I as a loan originator cannot do that loan without doing it for free. Many times the borrower only wants to be in the home for a relatively short time period, so refinancing and paying points is not cost effective over time. Prohibit a mortgage broker or loan officer from "steering" consumers to transactions that are not in their interest in order to increase the mortgage broker's or loan officer's compensation. Steering? A consumer can shop until he drops. There are thousands of web sites and thousands of mortgage professionals. The consumer can find out if he is obtaining the best interest rate in about 30 minutes by using the internet or making a couple of phone calls. Yield spread premium is used to pay closing costs for those borrowers who don't want to pay costs. When a broker does a loan he needs to be paid a fee, why should the borrower have to pay the fee? We offer borrowers four deals. One is a loan where there are zero closing costs and we clearly tell the borrower that the rate is higher. We offer the borrower a second choice, a lower rate with some closing costs and a third option is a loan with the lowest interest rate and full closing costs. A fourth choice is to buy down the rate and pay points plus closing costs in order to "buy down the rate." This new rule would STOP consumer choice, not enhance it. There has to be some Federal Law which limits the governments intervention which limits consumer choice? Choice that is what matters here. It is very simple, you want to protect the consumer, make the new law have the following components: All consumers must be given the par rate, the rate at which the broker does not make any yield spread from the lender. What I am saying is the Good Faith Estimate should have a section for the interest rate where there is no yield spread paid to the broker and in the same section what the closing costs would be vs. a higher interest rate when the broker is making a yield spread premium and charging less closing

costs. Why kill consumer choice when you can easily force the broker to give the consumer the option of a no yield spread interest rate quote WHILE still allowing those American Citizens who don't want to pay closing costs to obtain their loan using yield spread premium. Hopefully this solution is discussed.