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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:
I strongly oppose the Board''s proposed solution to "steering" consumers to "more expensive loans" as stated in the ammendment. Consumers have been given the right to shop for home loans just as they have the right to shop for home insurance since mortgage lending began. With this proposal, the consumer would lose several rights such as requesting a no-cost loan closing or a low-cost loan closing and would ultimately be required to either pay for closing costs out of pocket, or include them into their new loan, thereby requiring them to increase their loan amount when a loan officer can help fund the costs themselves. Competition in the marketplace prevents loan officers from "steering" borrowers into loans that are not beneficial versus other options seen. If this proposal would take effect, an entire segment, including thousands of loan officers throughout the country would be eliminated from the industry, or need to be absorbed by FDIC insured institutions that hide their YSP(Yield Spread Premium) by calling it another name - Service Release Premium (SRP). Both of those premiums are products of the same activity, selling the loan as a commodity on the market. This is a right of any business in America, including FDIC insured banks, large Mortgage Lending institutions, as well as small Mortgage Brokerages owned and operated like a small business. The concept of Brokering loans is identical to the concept of brokering investments, like an independent investment broker, or and insurance broker, or even a stock broker. If it was eliminated, it would essentially eliminate brokerage activity in mortgage lending, thereby removing the opportunity for consumers to efficiently and effectively shopping for a home loan in a TIMELY manner. Home loan interst rates can change as much as FOUR times a day, and in as little as 10 minutes they can change more than once, like we saw today. If a borrower had to communicate with six banks to get the best deal because a brokerage was unavailable, they could potentially lose out on interest rates, as well as potentially losing the entire loan approval because of changes in the loan profile debt ratios. Yield Spread Premium is the income that a non

FDIC insured mortgage lending institution receives for the sale of the loan as a commodity. FDIC insured banks sell thier loan as a commodity with the income being called Service Release Premium, if either one or both are eliminated, then the costs to the consumer will be more than just the interest rate or the closing costs, it will prevent institutions from the desire to spend time originating home loans. Craig Markhardt, CRMS Certified Residential Mortgage Specialist craig@keystoneassociates.biz