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Subject: Reg Z - Truth in Lending

Comments:

Date: Sep 24, 2009

Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
Document ID: R-1366
Document Version: 1
Release Date: 07/23/2009
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Comments:
Regarding: Regulation Z - Truth in Lending - Closed-end Mortgages [R-1366] A loan officer and a mortgage broker are only allowed to offer loan products that banks and lenders provide. Stated Documentation, No Documentation, Adjustable-Rate Mortgages, Negative Amortization...all are products developed and pushed into the market via banks and lenders. A mortgage broker simply offers these products under the guidelines with which they are governed. More regimented processes to control who can be a mortgage broker, I agree. Tighter guidelines to qualify borrowers, I agree. Taking away a tool that a broker uses to help borrowers complete their transaction, I''m confused. Banks do not have to disclose YSP, they earn servicer''s YSP, and they pushed and approved every single loan that brought us to where we are today. The mortgage broker didn''t create the negative amortization loan, they offered what the bank taught them to offer. The mortgage broker didn''t create the no documentation loan, they offered what the bank taught them to offer. The mortgage broker didn''t underwrite the non-qualified borrower (well, at least no brokers as small as me), they submitted their loan just like everyone else to the bank''s underwriters. You don''t put out a fire by watering the perimeter, you aim for the source. Bad, unethical loan officers entered the market because banks and loose qualification guidelines allowed them to join. Raise the bar on who gets to keep playing; don''t tilt the game in such a fashion that the banks that created and funded the very loans that brought us here get to monopolize. Yield spread premium is a tool based off an interest rate. The borrower signs disclosures with an interest rate. The borrower is free to shop that interest rate because competition and options are available. We are getting to a point in this reorganization that will affect the competitive market and ultimately hurt the consumer. Competition is GOOD for the consumer. Fraud and dishonesty is BAD for the lender. Find a way to STIMULATE competition and STAGNATE fraud.