From: Holly Stirling

Subject: Reg Z - Truth in Lending

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Comments:

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Proposal: Risk-Based Capital Guidelines; Capital Adequacy Guidelines; Capital Maintenance: Regulatory Capital; Impact of Modifications to Generally Accepted Accounting Principles; Consolidation of Asset-Backed Commerical Paper Programs (Regulations H and Y)
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Comments:

I have been a mortgage lender for over 16 years. I have worked for the banks, for the correspondent markets, and as a broker. There is a GREAT need for some changes, but many of these changes proposed will NOT help the consumer. The changes that have already been put into effect have done nothing but CONFUSE the consumer more. They (no matter how well you explain) do NOT UNDERSTAND APR!!! They want to know the RATE that is effecting the PAYMENT. RE-disclosing the APR 300 times will not help them to understand it better. In my experience, and in my opinion- a COMPLETE and ACCURATE (zero-tollerance for change) detailed GOOD FAITH ESTIMATE would inform the consumer better than anything. And waiting DAYS for review doesn''t do anything but frustrate someone who is trying to close on a new home---or to refinance out of a bad loan. A signed LOCK AFFIDAVIT attached to a FINAL COMPLETE Good Faith Estimate (or even a preliminary HUD settlement statement?? With allowances for the only changes to be in days of interest, tax and insurance amounts- that can vary. But otherwise ALL OTHER FEES should remain set.) should be signed that explains what RATE they are getting and all the fees involved in getting that loan. In reference to eliminating the payment of Yield Spread/or compensation for the lender for selling certian products, I see what the intention is, but it will only create OTHER problems. Lenders will charge more UP_FRONT fees to make up for the loss of compensation. This will (at least in my market) hurt the real estate sales market, where the seller paying closing costs is almost a GIVEN. The seller will have to pay MORE in closing costs in the transaction which affects the actual VALUE of the home. This will with out a doubt, end up HURTING the value of the homes. I believe there should be LIMITS set as to how much can be made. I would suggest a MAX of 2.0% as compensation for any rate. That being after any costs involved to cover hits to the interest rate. Also a cap on the total compensation would make sense as well. With a max compenasation percentage overall- front end and back end.  My suggestion---talk with those of us who are ON THE STREETS working with these people EVERY DAY. We have been through all of the changes and we have seen first hand what works and what doesn''t. I (and I am sure there are many more like me) have many ideas of way to clarify what is taking place in a mortgage transaction. We have to make this SIMPLE people! The people taking out these mortgages are not always well-versed in mortgage jargin, and most of them have NO IDEA what they are signing.