

From: MAG Mortgage Corporation, Chad Goetz
Subject: Reg Z - Truth in Lending

Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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September 24, 2009 RE: Regulation Z - Truth in Lending - Closed-end Mortgages [R-1366] This country has been built on "Free" marketplace which has created the backbone of the economy through small business. The U.S. economy is in the worst recession since 1929 any many feel that a major cause was and is directly related to the mortgage industry. However, the problems with the economy go far beyond the mortgage industry and the borders of the United States, but World Wide. The notion that one industry has had this catastrophic impact is lunacy. I will agree that the industry and "bad actors" within the industry has contributed to its fair share of the problems that exist today. I applaud the efforts of law makers to increase regulation and hold individuals accountable for their actions when dealing with consumers and prevent harm. There have been many changes recently with respect to a federal requirement for individual licensure that I completely agree with. Though, overregulation will have a greater impact and directly harm the consumer without intent. The idea that "ALL" Mortgage Brokers steer consumers into more expensive loans by increasing the rate to receive YSP is absolute craziness. Talk about knee jerk reaction.the segment of the industry that has caused the massive harm has all but been eliminated, "Sub-Prime" and "Alternative Documentation" loan product. The proposal reads: In developing the proposed amendments, the Board recognized that disclosures alone may not always be sufficient to protect consumers from unfair practices. To prevent mortgage loan originators from "steering" consumers to more expensive loans, the Board's proposal would: Prohibit payments to a mortgage broker or a loan officer that are based on the loan's interest rate or other terms; and 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. YSP is a tool. A carpenter has a hammer; a mechanic has a car lift and wrenches; a hairdresser has scissors; a butcher has knives; a

landscaper has lawn mowers; etc. A Mortgage Broker has Y.S.P. as a TOOL. This tool enables the broker to provide the consumer with Choices!!! Choices for a less expensive loan upfront by utilizing the YSP to pay for the costs. Closing costs exist on every loan. Closing costs in every state vary due to numerous reasons. By eliminating YSP, the upfront costs to the consumer on every transaction will go up if they were to use a mortgage broker. Since MOST consumers do not want to pay Origination Fees or Points, YSP is a necessary tool that the Mortgage Broker needs to survive. The Mortgage Broker is a vital component of the industry that helps lower the costs for consumers due to increased competition and the ability to obtain wholesale rates. The proposed amendment must be re-worded not to affect the utilization of YSP. If the intent is to not "Steer" the consumer into a more expensive loan than they would otherwise qualify for, then punish those who abuse the system. Don't penalize the entire industry; this will only cause immediate harm to the consumer, not help. Seek out and persecute the criminals, not the honest hard working industry professionals and the small business that employ them. I emphatically request removal of the above considered language proposed to the amendment of Regulation Z. Sincerely, Chad E Goetz President