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Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages  
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Since day one (1996) our company has been disclosing ysp on our good faith estimates to borrowers even though we were not required to. As responsible brokers we discussed the options with our borrowers and made sure they understood how the rate was tied to ysp and the benefits of obtaining a lower interest rate by paying up front, but in some cases where the borrower did not have sufficient funds we explained that we could receive our compensation from the lender in exchange for them paying a slightly higher rate. There are disclosures now more specific and required so all borrowers are aware of not only the % of ysp but the minimum and maximum dollar amounts. To take ysp away from our industry will serve to do nothing good. It will be the death of a vital part of the industry which provides competition and choice by the consumer. Even in the debacle of the subprime stampede it was not the brokers who created the loans. It was the lenders and wall street. They put the products on the table and hammered the brokers to sell the products. They were structured as train wrecks waiting to happen. Our company did some subprime, but never put our customers in prepayments that lasted longer than the fixed rate period of time. By doing this we did not make the outrageous ysp that the lenders offered (yes that the LENDERS offered) and were able to take most of our customers out of the loan in 2 or 3 years. The carrot was dangled in front of the brokers and unfortunately some of them took it and placed their borrowers in harms way. But again it was the lenders criteria that allowed this and not the brokers. The lenders underwrote the files and the lenders reviewed all appraisals. It is not fair to single out the brokers and put the monkey on our backs as if we alone came up with the programs. And in addition, the borrowers signed the loan documents and accepted the loans. Where did personal responsibility go? Now the government has to protect the consumer. What protection are they giving the consumer when they are taking away the availability of choice. The consumer will ultimately be hurt by this in

addition to all the thousands of good hard working professional people being put out of work. The only lenders left will be banks. Banks currently are not required to disclose their profits on any loan offered to a consumer/borrower. As such, they already enjoy some advantage over mortgage brokers. Even so, banks do not appear to be able to price mortgage brokers out of the market. Clearly, eliminating the competition from mortgage brokers would give banks greater control over their pricing power. If they only have to compete with each other it is obvious that the costs in fees and the rates offered to consumer will rise as the mortgage industry will now be confined to an monopoly of just a handful of very large banks...most of which would not exist today without massive government support at tax payer expense. Closing the barn door after all the horses have left the barn just insures that we have made a problem into a catastrophe. None of the loan offerings that led to the current problem are now available. Banks do not offer them nor do mortgage banks, credit unions, mortgage brokers or any other financial institution. It must be recognized that none of these offerings would ever been available had it not been for the effect of the CRA and the misguided (in retrospect) housing policies implemented by the Agencies (Fannie Mae, Freddie Mac, Ginne Mae and the VA) to loosen underwriting standards for the purpose of increasing homeownership. Again, Mortgage brokers do not lend their own money, nor do most have the ability to pool and sell or swap their loans to the Agencies as do mortgage banks and banks. Mortgage brokers did not "invent" these loans, they only marketed them. Please stop with over regulation in our industry is will serve no purpose except to be the death of our industry.