

From: CMG Mortgage, Guy Scwartz
Subject: Reg Z - Truth in Lending

Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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Name: Guy Schwartz
Affiliation: CMG Mortgage
Category of Affiliation: Other
Address:

City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

I would like to comment on these to provisions: 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; If we are going to be able to compete with banks that offer zero point loans and "NO" closing cost loans we are going to need to have a rate higher than the par rate in order to make our profit and in some cases use the funds for the payment of the borrowers closing costs. 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. I don't have a problem with capping the compensation as long as it is tiered. That is smaller loan amounts need a higher % compensation than a larger loan amount. Freddie and FNMA currently cap compensation, however it is not tiered. Thank you, Guy Schwartz