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Comments:

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I have been a mortgage broker for over 10 years. 100% of my business comes from personal referrals from past clients and professional relationships (realtors, financial advisors, CPAs, insurance agents, etc). If ever I had been compensated in a way that was disproportionate to the amount of time, expertise and work I had expended on a particular client, neither they nor their referring professional would be inclined to refer me clients in the future. All parties receive a Final HUD, which lists what has been paid and to whom; including YSP, origination and all other "processing" fees. It has never been in my best interests to prioritize my compensation on one particular loan over giving the client a competitive market price. It's contrary to my business model which relies on building my business over the course of time thru continued past client and professional referrals. I am also fully aware that many of the inexperienced, undereducated (in this industry) and unethical mortgage brokers who dove into this industry at its height were not working under that same business model. They are gone now. I remain as I was before, trying to make an honest living in what I consider a noble profession...helping people buy a home. I now bear the brunt of the catastrophe which was perpetrated by those now gone brokers, AND MORE IMPORTANTLY, WAS ALLOWED TO FLURISH UNCHECKED BY INDUSTRY REGULATORS. But I realize that my livelihood and ethics are really of no concern to you. Your concern is the consumer, and rightly so. Mine is as well. I've chosen to build my career on a business model where what is good for the consumer, is also good for me. Always has been, always will be. That said, let me ask you this detailed question. I would estimate that 40% of the loans I procure are for borrowers who needed 6 months to 2 years of my professional advice and guidance prior to their purchase. Many of those include detailed and extensive credit rehabilitation which can only be accomplished over many months. Others involve financial advice regarding personal budgeting that will allow them to be in a secure financial position, thereby making them able to successfully meet their mortgage

obligation when the time comes. As I'm sure you've gathered by now, the overwhelming majority of these clients are first time homebuyers and/or lower income borrowers. That client base in general, requires more time, attention and professional advice. So my question to you is, if I am not allowed to receive greater compensation for my time spent with these clients than the more easily qualified/ready to buy clients, as a businessperson, why would I choose to help those that will drain my resources but not provide proportionate and fair compensation? And if the flat rate compensation proposed by this legislation makes it illogical for me to spend my time and resources on the buyer who needs more professional advice, are you not in effect systematically and drastically harming that population of buyers? It has always been the case that those buyers who have complex qualifying issues, need credit repair, or simply need a "plan to home ownership" that will be a prolonged process, are forced to go to brokers simply because the 'creditor originators' are either not compensated enough or simply are not knowledgeable enough to help them. Brokers have always been the ones with expertise and incentive to take the time and attention required to turn those who are not currently qualified into future 'well qualified buyers'. Under the proposed compensation system, you would legislate the exclusion of these borrowers because they simply will not be able to find the professional guidance needed to obtain financing. Or, as happens whenever a void is needing to be filled, companies preying on this population will pop up offering "qualification help" that will no doubt come at a greater net price to the consumer. And the truly disgusting part about that is that, as we've recently seen with the explosion of unethical loan modification companies, it will be those former sub-prime 'originators' who step in to once again rape the consumer. Meanwhile, the rest of us ethical brokers (not that anyone is concerned with us...conventional wisdom is that we are a myth) will continue to try to fight the uphill battle to provide professional, ethical financial advice to our clients.