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Subject: Reg Z - Truth in Lending

Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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Ridding the mortgage broker industry of yield spread premium and going to a flat fee will only harm the consumer. I have been a lender for over 28 years and have worked with both a bank and a broker. The consideration is that a broker will not get the "best" rate for the consumer so should be punished in a way. I worked for a federal banking institution for over 12 years and we were not even close to being competitive. So, by the same reasoning that you want to punish brokers, then shouldn't you shut down all federal institutions? Banks only have 1 choice. At least I have a couple dozen options to choose from. If I earn 1.25% and get my client a lower rate (than a bank by .50% in most cases) then my client does not care if I earn more than 1%. They are typically happy that they have a much better deal than they would going to a cold, poor-service, treat the customer poorly federal institution. It is the consumer's choice. If we take this line of reasoning further, then should we put Starbucks out of business for charging \$4 for a cup of coffee vs. Joe's diner at \$1? Or Nordstrom and Saks for charging \$350 for a pair of slacks vs. JC Penneys charging \$75? Or your local convenience store charging \$5 for a gallon of milk vs \$2 at Safeway? Of course not. It is because there are OTHER reasons that people choose to shop at these places just like there are other reasons that people choose to do business with a broker who may make an extra .25% on a loan--mostly because we provide better service, are more professional, attend the closing with our clients, have more education than a bank loan officer due to licensing requirements, etc. Are you saying that a loan officer that has 30 years experience should be paid the same flat fee as a 20-year-old loan officer right out of college with no experience? Of course not. The consumer is willing to pay extra for a more experienced, professional loan officer that they trust. All of the new regulations only add MORE confusion to the already too cumbersome difficult to understand stack of required paperwork and your testing proves it. It will only lead to less of a desire to shop around. You've got to make this more simple for the consumer.

This is just like HVCC that is only succeeding in costing the consumer more money. That is all it has done. If you eliminate yield spread premium, you will decimate the brokerage industry, shut down thousands of small businesses forcing the layoff of thousands of people and concentrate the majority of mortgage business into the hands of a few large banks. This will stifle competition and raise rates--a consequence that I am sure you do not want. Ultimately this proposal will only harm the consumer. Consumers want choice and competition keeps rates and costs low. Please review this proposal carefully and do not let it pass.