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Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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Comments:

Far and away the elimination of YSP will result in higher rates and/or higher cost to get loans simply because it eliminates the mortgage broker channel and thus leads consumers to retail banks who do not have to disclose. Going to a broker who thus mean the borrower would have to pay points out of pocket to get a loan (and many don't have the funds to do so) or try to finance the points for which many don't have the necessary equity to do so. This would thus make the mortgage broker a "true" middle man and force consumers to go to retail banks to get their loans since banks would still be able to do "zero" point loans. The YSP issue is about 5 years too late where there were no real disclosures like we have now AND with the elimination of Option ARMS you no longer have those programs paying 3-5% rebates on a potential bad loan. We basically have fixed rates and hybrid ARMS and most lenders pay only 1.50 to 2 point max rebates anyways. With the combination of new disclosures requiring upfront TIL and another TIL if APR goes up by more than .125%, no Option ARMS, virtually no prepay loans, lenders requiring a "benefit to borrower" document and the internet where borrowers can shop for rates there is virtually no way a broker can "steer" the borrower into a loan just to make more money. Granted you still have a small percentage that can and will try to rip off a client but no system is perfect but these new items eliminate most of the problems.