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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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The portion of this that has already been implemented (redisclosure if APR is more than .125 higher) has done nothing to protect consumers. All it has done is slow the purchase process and upset our clients. It''s hard for a mortgage professional to grasp what APR is, much less explain it to a borrower. Every single lender has their own interpretation of this rule and how to implement it. We have lenders that mandate redisclosure even if the APR IMPROVES by more than .125%. We have lenders mandating a 7 business day waiting period for a redisclosure. It''s hard to explain to a client that the purchase settlement will have to be delayed more than a week because their rate improved. Due to prepaid interest, a closing date change of 8-9 days could increase the APR by more than .125%. If the fed gov''t really wants to protect the customer, it would enforce the rule about a borrower''s right (purchase loan) to see the settlement statement one day before closing. A new TIL doesn''t show actual fees and it only confuses the borrower. Another portion of this revision by the FED will simply add to the amount of money a borrower must bring to settlement (purchase) and increase the amount of funded closing costs (refinance). Yield spread permits mortgage officers to earn income from the lender in addition to charging fees directly to the borrower. The borrower has every right to "shop around" for their best program. Most of our borrowers do. It will further reduce competition (therefore choices for borrowers because fewer entities will exist as sources for mortgages). Mortgage bankers and correspondents will still be earning servicing release premiums, and they are BASED ON THE INTEREST RATE. The vast majority of mortgage shoppers "don''t want any points" (even though, in most cases, paying points is financially beneficial if one plans to remain in the home for more than 4-5 years). So without the option to earn YSP, we''ll have to charge those points to keep our doors open. We have nine employees in our little family business and have been in business since 2000. We need to generate fees on loans to keep them employed (and support their families) and pay their benefits. Yes, there were bad actors in the mid to late 2000s that did mortgages. There were bad bankers and brokers. We have never been closed a loan that a wholesale lender didn''t have oversight on and gave us permission to close (after all required documentation was submitted, checked and rechecked). But all these new rules from all these fed and state agencies amounts to closing the proverbial barn door after all the livestock is long gone.