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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 proposal to eliminate YSP has caused much stress to an industry that has been under an incredible amount of scrutiny over the past several years. We would not be at this juncture today had licensing and regulations been in place 30 years ago. The mortgage brokers who are left standing today are proud to have survived the subprime era that brought our industry to it's knees. As a 25 year veteran of the industry, I for one am thrilled to see the unethical and uneducated exit my industry. We brokers exist because we have access to the secondary market - also known as the wholesale market. I know of no other industry that must disclose what they pay for wholesale when bringing their product to the retail market. Yet we must disclose our wholesale price in the verbage of YSP. In order to remain in business, we disclose as mandated by the regulations that govern us. This allows us to continue being a viable option for consumers shopping for a mortgage. Should the Federal Reserve Board, all 5 of you, seek to eliminate the wholesale structure of YSP, you will effectively abolish mortgage brokers. This is turn will allow the Banks to monopolize the mortgage market. I know of no mortgage broker who received a government bailout in order to continue operating. Yet I do know of many banks who did. The sheer magnitude of the subprime debacle is now behind us. We ethical mortgage brokers deal with the ghosts of this every day. We are proudly licensed and conform to RESPA, as we seek to make a living assisting homebuyers and homeowners. We are small business and we are the backbone of the US economy. We pay taxes, we participate in our local communities. Yet should the elimination of YSP occur, we will no longer be contributing to the competition of the market. There will be no competitive market. A mortgage broker can't survive on a 1% origination fee. Overhead costs to maintain legitimacy and compliance prohibit this. Consumers are cash strapped and will be unable to pay additional fees so that brokers can make a profit. Yes, profit is necessary in order to contribute to the economy. This is America

and profit is not a dirty word. There are current regulations in place that govern the maximum amount a broker may receive on a mortgage transaction. I would ask the Federal Reserve to allow these regulations to guide the market as we move forward in repairing an industry that fell so deeply because of a lack of governance from all sectors of our government. We brokers are paying the price for the lack of attention that was paid to those unscrupulous companies that no longer exist. Please do not victimize the broker that is left standing today. YSP is simply the vehicle that allows us to exist and allows for a wholesale market to bring funds to the general public in a transparent fashion. I know of no banking institution that has transparency when it comes to profit. Their service release premiums (SRP) are not governed by RESPA as they are not considered to be settlement costs. SRP occurs after settlement. How convenient for the banking industry. How unfortunate for the consumer. I read today that an executive of Wells Fargo sent a letter to HUD imploring HUD to move forward with the January 1, 2010 implementation of the revised RESPA guidelines. He stated that they were ready to implement and to allow a moratorium on implementation would hamper their ability to compete. I find that quite ironic that a very large bank is concerned with competition. These very same banks have lobbied Congress and the Federal Reserve to eliminate YSP, therefore eliminating the broker. Distinguished members of the Federal Reserve, you hold an entire industry in your hands. I trust that you will serve us well and be the voice of hundreds of thousands of small business owners while you vote against the elimination of YSP. Lori A. Hoeksema Sr.
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