

From: Matt Tarka
Subject: Reg Z - Truth in Lending

Comments:

Date: Oct 19, 2009

Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
Document ID: R-1366
Document Version: 1
Release Date: 07/23/2009
Name: Matt Tarka
Affiliation:
Category of Affiliation:
Address:

City:
State:
Country:
Zip:
PostalCode:

Comments:

These are the concerns I have regarding this proposal: 1) If broker compensation is removed (YSP) then the consumer will no longer have the choice of a 0 point mortgage. I would say 85% of all loans I close do not have any points and I get paid via YSP. Consumers like this option because they do not like the additional closing costs points adds. They know if they pay points their rate is reduced, but it takes about 60 months to recoup the costs of paying points. After most see this break down they choose the 0 point option because many will not be in the house that long. Therefore eliminating YSP eliminates this choice for the consumer and it will cost the consumer more. 2) I do not like that the Fed's proposal is not making a even playing field among all originators (brokers, banks, retailers, etc). As the Fed knows banks charge points, received YSP and SRP. Brokers do not get SRP. Brokers must disclose YSP on the GFE already, but banks do not have to disclose their SRP compensation. This immediately gives advantage to the banks taking away free market from the mortgage industry because of proposed government regulation. 3) HUD and Fed are not communicating. Today, HUD announced they will move forward with implementation of RESPA regulation changes starting Jan 1 without any delays. The new GFE will not work with the proposed Fed changes. The two entities are not communicating and the impact of both will slow the industry down costing the consumer more money. 4) Finally the proposal takes away consumer choice in the name of regulation. Consumers need disclosures but not at the cost of eliminating or hindering their choices to save money or structure the mortgage to their benefit. Thank you