

From: Megastar Financial Corp., Jaynee Brown  
Subject: Reg Z - Truth in Lending

---

Comments:

I am writing to request that you cease in pursuing this legislation altogether. You will lose from the industry the best and most ethical loan originators, whether in a bank, or mortgage banker, or mortgage broker. We work very hard, harder than ever now with all the new requirements we must meet and the quality standard we must meet on every file. I will leave this industry and find another career if I cannot make enough money relative to the time, knowledge, experience, and relationships I bring to my borrower. I am good, and I know I can apply my skills and ethics to any industry I like, so I would not hesitate to make a change. The bottom of the barrel LOs know they are not so employable or successful and they will stay, and you know what that means. I bring a lot more value to my borrowers than a new LO or some LO that is just an order taker and does not even own their own home. I've bought and sold dozens of homes, and I understand the real estate transaction inside and out. I've been on all sides of that transaction and I know how to take really good care of my borrower. I would not want to fly in the plane that was built by the lowest bidder, WOULD YOU????? I would never gouge my borrower, I would not be in business today if I did. My rates are great, my fees are low, and my yield and total income is extremely competitive BY MY OWN DOING. I work very hard to get my loans closed on time, and my income should reflect that and be higher than a sloppy order taker that doesn't care.

A flat income fee would create the same outcome for this industry as HVCC has - that is you will drive away all the really good LOs that know their value and worth and be left with all the crap people that don't care, can't find any other jobs anywhere else and know it so they will stay and put up with a flat YSP, and will produce sloppy work and cause more damage than good to this industry, and right at a critical pivotal point when we could be rebuilding as a strong, reputable industry as a result of all the efforts that have been made. You will be instead left with a collection of worthless LOs that cause increased cost to the borrowers, leave them with dismal choices, and horrible experiences, and a HUGE reduction in purchase AND refinance activity in the housing market. Your terms for the new YSP legislation will cause more delays in the purchase process and kill more closings. Period.

YSP did not bring upon us the housing crises. YSP is the single most effective tool that allows borrowers to have choices and select their loan officer on a competitive basis and make decisions that are in their best interest. If you take away YSP, you will SQUASH the housing market because many many borrowers who have saved downpayment and closing costs, but NOT origination fees will now not be able to buy a home! You are trying to punish the loan originator for making money for our time, and accusing the consumer of not shopping LOs for their loan, when the opposite couldn't be more true! I get shopped all the time!!! Consumers have the responsibility to shop. I personally lost a small claims lawsuit against an HVAC company that I had used in the past after I found out their "sale" price was not only not a sale, but about 50% higher than I could have got it elsewhere. I had no recourse because the judge stated it was my responsibility to shop. My response was that

I could have shopped but I might have ended up getting screwed because I would not know the company, and just because their prices were lower doesn't mean

they would do a good job. So how is the lending industry different from the HVAC industry or the roofing or windows industry - it's the consumers place to check around! Why are you trying to do this for the consumer with their mortgage? We've done a great job of educating them how to shop now, and shop they are. You are wrong if you think that's not true.

The SAFE ACT ALREADY limits our income at both the federal and state levels, along with RESPA, and the new TILA rules, so for heaven's sake, stop your own PREDATORY activity that is being directed at us, so we can continue to move the mortgage industry forward on a basis of ethics and higher standard that we are actually enjoying today due to the legislation ALREADY passed. The people that are in it as of now are the good ones, the best ones, the honest ones. We're it!

No studies have been conducted as to the ramifications to the industry, to the public/consumer, to the originator, and to the secondary entities affected such as the housing market and all the ancillary industries that always benefit from a robust or growing housing market (i.e. interior decorations, household items, landscaping, home improvement products, JOBS, JOBS, and more JOBS!!!). Until you perform such a study, you have no basis for trying to prevent us from making a reasonable fee for our efforts and experience any more than I have a right to vote your salary to be reduced with no knowledge of how you've earned it.

So my plea is to STOP STOP STOP. Let the legislation that has passed do it's job, let capitalism create it's checks and balances like it's so good at doing, and let us see how the SAFE ACT and TILA work before you throw another layer of control and do so much damage that you'll never know how well the existing laws and enforcement of those laws work for awhile.

Thank you for your ear,

Jayne Brown  
Megastar Financial Corp.