

From: Michael Schroeder
Subject: Reg Z - Truth in Lending

Comments:

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Comments:

Regulation Z - Truth in Lending - Closed-end Mortgages [R-1366] Michael Schroeder. Let me start with the issue at hand, and that is public ignorance about mortgages; this will not change by passing new laws and new disclosures. People don't want to read the disclosures now and won't read the new ones either. The laws that are on the books are already covering all this ground, but education of the public is not considered here. To address the issue of yield spread premiums paid to brokers, this is not a bad thing, keep in mind that the rate that the borrower pays is reflecting this payment. It is very easy for the borrower to compare rates, and shop for the best deal. Also if there is no yield spread, the borrowers will be forced to pay points, and that is not always in their best interest, because of the time frame of the loan and the cash on hand that the borrower has. Why would you want to limit the consumer's choices and add a new layer of cost to process? What I don't understand is why it's the Governments job to put the people (Brokers) who serve the most client out of business. On top of that why is it the Feds job to put all the control in the Banks hands, on second thought that is their mission isn't it. God help this country if this law passes, because the housing industry is in for a treat. Why is it that we don't set the sale price on cars, bread, eggs, gas, and the like? Oh, that's right we are capitalist country where the market sets the price. If you do one you have to do all, it is important to consider the unintended consequences. These new rules will make it impossible for the average consumer to get a mortgage at a decent price, all in the name of protecting the stupid from them selves. We don't do this in any other part of business, in-fact we reward knowledge. This a bad law that does nothing but harm, and dishonest lenders will find a way around it, but there will be a lot fewer choices for the consumer. Please contact me to talk about this issue.