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Comments:

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Proposal: Regulation Z - Truth in Lending - Home-Equity Lines of Credit (HELOC)  
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I understand the need to give borrowers clear concise information relating to their loans. However it seems that along with the HVCC rules, we are throwing out the baby with the bath water. There were a number of unscrupulous mortgage brokers, who colluded with appraisers and investors to put individuals in bad loans. Part of the problem was incredibly lax rules for becoming a mortgage broker. What HVCC has done, in an attempt to help the consumer, has essentially put independent appraiser out of business, or forced them to go to a management company where they work for half the pay. This is not really an option for most of them, so they are going to leave the business, raising prices, limiting competition, and ultimately hurting borrowers. R 1367 is going to have a similar impact. Essentially more mortgage brokers are going to end up leaving the business, because they will not be able to make a living. The cost of originating a mortgage includes yearly fees for continuing education, surety bond, EÖinsurance, licensing fees, etc.. if I can make 1-1.5% on a loan I am generally happy, weather that is a combination of discount/origination points or YSP. If I cannot make YSP or am limited in some way from earning it, I am going to have to charge it to the borrower. So maybe they will get a rate that is .125%-.25% better, it will just cost them a couple thousand upfront ( which they may not have, and would result in many borrowers being shut out of home buying) to sane \$15-\$45/mo. Maybe borrowers should be shown two options, one with no points and one with points, and the decision on whether the originator gets paid by YSP is up to the borrower. Additionally, I am not aware of any other business or industry that must disclose their profit to the buyer. When I bought my last car, I have no idea how much they made on me. When I went food shopping I didn't see any disclosures about what the store paid for the goods they were selling to me.

This is a completely unfair, un-American rule, that is being dumped on loan originators

who for the most part are paying for the mistakes of the big investment houses who wanted to buy bad loans. Incidentally, I don't see anything on my investment accounts telling me specifically what the compensation is of the investment advisor. How anyone could think going from a 1 page GFE to a 3 page GFE is going to make it easier for a borrower is lost to me. Maybe first time homebuyers should be required to take a 1st time homebuyer course before they can apply for a mortgage. Maybe the solution is having educated buyers, and not seeing how many pieces of paper we can have them sign to make sure we have covered our rear. Ultimately, this is going to force brokers out of business, and you will end up with a handful of companies originating all of the mortgage in America. What will the ultimate impact of this be on consumers? A drastic reduction in competition is never in the interest of the consumer. The herd has already been dramatically cut. Brokers do not create mortgage products, no broker came up with the 3 year arm with 3 year prepayment penalty. no broker came up with negative amortization loans, no broker underwrote any of the loans, and yet here we are with the broker on the hook for everything wrong in the housing industry. It is just not fair. First independent appraiser are shut out, now independent mortgage brokers. For the record I am not a broker, but a banker. The reduction in competition from brokers will ultimately HELP my business. But this is the same old story of the big guys squeezing out the little guys because they have more money ( and by big I am talking JP Morgan Chase, Wells Fargo, Bank of America) and more lobbyist, and after they are done with the brokers I am sure they will come after the independent mortgage bankers, pushing congress to raise net worth requirements to something unsustainable to the little guys. This bill will back fire. it will make housing less affordable, it will increase joblessness, it will continue to push values down as more people will not be able to afford homes, and is a bad plan. What are the answers? Well, in my opinion, broker licensing should be national. each state shouldn't have their own test, their own classes, and their own fees. I should take on standardized national test to get licensed. I should have to take a certain number of continuing education classes annually, and I should be bonded and insured with one fee to allow me to do business in any state. There should be a central location for complaints, so if a borrower feels he was misled he has a place to complain where it is logged against the individuals ID number. get enough complaints, you get suspended for a time, get some more you lose your license. disclosing YSP is a red herring. doesn't matter to consumers. they want to know their rate, and what the fees are. Period. your rate is 5.25% and total mortgage company fees are \$1200? Have a final one signed by the borrower 5 days prior to close so they have time to make sure it is what they want. great, end of story. The TIL is already a confusing document. I have sat at settlement trying to explain just that form for half an hour. some people just don't get it. Jeff Seidman - East Coast Mortgage and Financial Services, Inc.