

From: Jean M Sellnau  
Subject: Reg Z - Truth in Lending

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Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages  
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Comments:

I have read over the proposal - R-1366 - and must reply. I have been a mortgage broker/banker for almost 3 years. I was lucky enough to start my career in the mortgage industry JUST as things were beginning to fall apart. Can I understand why our elected officials are looking at lending? Yes. Do I believe this proposal is going to help consumers? No. I do not. I take issue with the notion that Yield Spread Premium - or the funds that a lender will pay a mortgage brokerage for creating the loan - leads to consumers being taken advantage of during the transaction. YSP allows me to create a competitive deal for my borrowers. I can offer them a "no-origination-fee" loan, if I choose, based on their goals. I can help them lower the cost of their loan by working with the lender who is going to offer the borrower the best deal for the loan type the borrower wants. R-1366 insinuates that not only am I going to overcharge my borrower on the front end of the loan, I am also going to give them a horrible rate so the company I work for can make even more. Wow. Where have you been over the past 3 years. NO ONE is making money hand over fist on mortgages these days. Eliminating YSP will remove competition from the equation. Isn't competition really what you WANT in the lending system? In order to create business, we, as lenders need to be providing a good service to our customers at a fair price - JUST like any other service provider. If I need my roof redone, I, as the consumer am going to go out and get quotes. I am going to compare those quotes and decide on who is the best service provider for my needs. NO WHERE on those quotes, does the roofing company have to tell me how much profit they are making on the deal, OR, if the shingle company they are getting their shingles from is giving them a pricing break for getting LOTS of shingles from them. Let's also remember that banks don't have to provide this information on yield spread to their customers because they are funding their loans - and then - selling them, potentially, for ANOTHER level of profit - down the road. WHY isn't anyone screaming about that? The banks are getting more and more powerful, backing more and more

candidates, and no one is holding their feet to the fire... Interesting.  
Banks? HUGE entities... Mortgage brokers? small business that banks would like to have disappear. While I understand you really are trying to do a decent job - I believe you are misguided in your approach. Why not ask for members of the mortgage brokers community sit down and explain ways that we KNOW would improve lending for consumers. Are you interested in a real perspective? It is hard to create solutions when you are far-removed from the day to day lending practices that are going on today. I work and live in small town America. I see my borrowers EVERY day at the local WalMart. I have to be able to look them in the eye and know that I have done a good job for them. I can sleep at night knowing I have done just that. We are not the villains here. We are working to find solutions for our clients. I would welcome the opportunity to fly to Washington DC to meet with ANYONE interested in finding real solutions to the lending issues that exist. You might be surprised how inexpensive it would be to implement things that would make a real difference in the lives of those people you claim to represent.  
Sincerely Jean M. Sellnau