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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 reviewed the proposal carefully and I understand that the goal is to protect home owners from predatory loan officers and lenders. I firmly believe that this needs to be done, but based on this proposal it will ultimately do the exact opposite. I have been in the mortgage industry since 2001, and I have seen 1st hand the ups and downs we have went through. There is one section in the proposal that needs to be reviewed as it will impact home owners in a very negative way. Currently most retail banks are taking somewhere in the neighborhood of 45 to 90 days to close a purchase or refinance transaction. Most brokers are taking somewhere from 14 to 30 days to close the same transaction. There are many reasons for this, but that is whole separate issue. Banks also have higher closing costs than most brokers simply because they have overhead that needs to be accounted for. The best and most simple example I can provide is a client of mine last month. The client is currently with Bank of America and went into their local office to apply for a refinance. They offered her a program with \$5000 in closing costs and told her it would take 45 to 60 days to complete. When she contacted me I looked at the same loan with bank of america wholesale since I am a broker. The exact same loan would only have \$3500 in closing costs and could have been completed in 14 to 21 days. That is the value of working with a broker. The exact same bank will end up holding the loan but a much cheaper and simpler process for the consumer. The reason we were able to be cheaper was because of the ability to earn YSP or yield spread premium. Because the bank was going to pay us, we did not need to charge the borrower closing costs. Paying brokers YSP is not a predatory practice, rather it allows brokers to structure loans that are more competitive and gives home owners more choices when looking into their loan options. If this proposal passes "as is" and YSP is eliminated, you will see home owners with fewer options with much higher closing costs. This is exactly opposite of what the proposal is trying to accomplish. There are many

alternatives to accomplish the goal of this proposal but eliminating YSP will be counter productive. should you have any questions or want any more examples from the front lines always feel free to contact me directly.