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Subject: Reg Z - Truth in Lending

Comments:

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I have been a mortgage loan broker since 1995. The elimination of Yield Spread Premium will destroy my industry and my business. It would also make it easier for banks to rip off consumers, since having mortgage brokers to compete with, keeps them from charging higher interest rates. The subprime mortgage brokers who took advantage of the public have all been forced out of business. But, keep in mind that the banks were the ones who created the bad toxic/exotic loan products in the first place. I never sold them, but kept to offering my clients "plain vanilla" fully amortized loans, and cheaper than if they went directly to their banks for their mortgages. I do not understand how Congress can consider it fair to eliminate the Yield Spread Premium, which is how I, as a mortgage broker, get paid; but not eliminate the Bank's profit margin called a "Gain on Sale" which is the exact same thing. I already disclose how much I make on each and every loan on my good faith estimates of closing costs, which in the state of California is more detailed than most states, and is called a Mortgage Loan Disclosure Statement and takes three legal size pages to inform the consumer what they are getting and what it will cost them. Please note that the same high standard is not held for banks and mortgage bankers who typically make more than 2 percent on their mortgage loans (which is undisclosed to the consumer), while I usually only charge 1.125 or less and disclosed every penny. In addition, most banks and mortgage banks charge origination points on top of the rebate pricing that they do not have to disclose. How unfair is that?! Yet it is the mortgage broker that is being targeted for extinction. The bubble bursting in the housing markets has weeded out the bad apples via free market forces. Those of us mortgage brokers who are left are honest people that make an honest living by treating consumers well. I have been a member of the California Association of Mortgage Brokers since 1992 when I started originating mortgage loans. I think all mortgage originators should be held to the same high standards, especially

banks who are benefitting from TARP funds, and using them to pay bonuses and lobby for the elimination of their competition in the form of us mortgage brokers. It is our existence which helps keep them competitive. This proposed new law will accomplish the following: 1. It will eliminate the mortgage brokerage industry, which will put thousands of people out of work, and cause another wave of home loan defaults. 2. It will eliminate competition - which will cause the consumer to pay more for the same product from a bank, and with more hassles getting their loan approved because they won't have a seasoned professional assisting them around the pitfalls in the loan process. 3. Banks do not have to disclose Yield Spread Premium, and as a result this will create an uneven playing field because it will not effect the way they do business. The net effect is that another segment of our economy will shut down and cause more unemployment and higher loan costs and more stagnation and deepen our depression. Yes, I said the "D" word, because we are way beyond a recession when the government starts bailing out industry leaders because, "They are too big to fail." What ever happened to consequences? When businesses perform badly, let the market factors weigh in and stop giving taxpayer dollars to companies whose time has come, and now is gone. Why not give the bail outs to the taxpayers in the form of investment credits for education, and saving, and service to our communities; instead of taking away livelihoods and giving bailout tax dollars to the big boys. Enough said...