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Subject: Reg Z - Truth in Lending

Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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The part of the proposed rule limiting or eliminating "yield spread premiums" is dangerous to the health of the mortgage business and mortgage customers throughout the country. I have been a mortgage broker for more than 30 years and helped found the Arizona Association of Mortgage Brokers. I co-authored it's Code of Conduct and Standards of Professional Practice. Unfortunately, not every broker adhered to those tenets or similar ones throughout our industry. But neither did Wells Fargo, JP Morgan Chase, or Bank of America. Certainly not the principals at Countrywide or IndyMac. Their boundless greed made the problem and yet they stand to benefit the most by a regulation that wipes out their only remaining competition. For more than 20 years, every study done has shown that mortgage brokers provide the lowest cost mortgage origination channel. We don't need the bank's marble covered walls or ivory towers to serve our customers and the customer benefits from that. The MBA has studied the dead cost of originating a loan for many decades. That cost is usually around 2.5% of the loan amount. So, if you are going to limit brokers to charging a 1% origination fee and disallow any other income on the loan, who do you think is going to pay for it? Since all of the Federal Reserve folks are bankers, I'm going to take a change on making you all angry. The banks WILL get themselves exempted from any restriction on their incomes before this rule is final. If not, their political contributions will make sure those restrictions are limited by future legislative action. The result will be that the nations's entire mortgage business will rest in the hands of Wells Fargo, Bank of America, JP Morgan Chase, Citibank and a few others. Do you really think this is healthy for the economy? Does the phrase "too big to fail" ring a bell? This proposal is a direct attack on the small business originator, not a consumer protection proposal. With all the other regulatory and legislative changes of the past few years, this regulation is unnecessary and places an unfair burden on those of us who are not members of the FDIC.