

From: ES Financial Group, Inc d.b.a. Capital Mortgage Services, Jordan Eller
Subject: Reg Z - Truth in Lending

Comments:

Date: Sep 22, 2009

Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
Document ID: R-1366
Document Version: 1
Release Date: 07/23/2009
Name: Jordan Eller
Affiliation: E SFinancial Group, Inc d.b.a. Capital Mortgage Services
Category of Affiliation: Other
Address:
City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

The idea of not allowing mortgage brokers to continue to make Yield Spread Premium on loans would have a dramatic, negative impact on hundreds of thousands of U.S. Citizens; we would become unemployed literally overnight. I am the Broker and Owner of a medium sized mortgage company. I employ twenty-three hard working loan originators and six even harder working full time staff. Our compensation is derived from up front points charged to the borrower and yield spread premium (YSP) from the lenders. Our average commission from both front and back points averages 1.5% of the loan amount. I do not feel that we over-charge our clients or are making too much money. We work very hard to close loans especially in these times. The average real estate agent in our area makes 2.5% of the sales price for representing one side of a real estate transaction and I know they aren't working 40% harder than my loan agents are to close a transaction. Frankly, if loan originators were only allowed to make 1% commission on a transaction, it wouldn't be worth it financially to do loans and I would not be able to maintain the staff that I currently do or keep the doors open. There just wouldn't be enough income to do it. Currently, there are rules and regulations in place that limit how much we can charge and they are fair to both the mortgage broker and the borrower. We are also a highly regulated industry and are licensed by agencies such as the Department of Real Estate in California. My loan originators are also individually licensed. At any time, this regulator (or others) can come into our office, lock our days and scrutinize my business to no end. Being long time professionals in this industry, we do not jeopardize our careers and do everything by the book. We charge what is fair and what we are allowed to charge and no more. The bottom line is this: If we are not allowed to receive income in the form of YSP and are limited to making 1% on every transaction, an entire industry will be eliminated. Our margins run so close as it is that if we were

to lose on average an additional .5% or 33% of our income we would be able to continue operations. I hope that my concerns do not fall on deaf ears.
Sincerely, Jordan Eller