From: Academy National Mortgage Corporation, Denise Wing

Subject: Reg Z - Truth in Lending

Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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Comments:
Implementing R-1366 is a huge mistake. The YSP is used in many different ways to benefit borrowers. If the YSP is eliminated the cost of loans will be increased to the consumer. Borrowers who are purchasing homes do not have the additional money that it will take to cover closing costs as they are just barely coming up with sufficient funds now. The YSP is used to help reduce the amount of money a purchaser needs. Borrowers wishing to refinance will be unable to do so as the costs will be drastically increased and currently the home values are not high enough to roll in those additional costs. Since the equity is not available in their homes, they will be forced to bring the extra funds to closing or just not refinance at all due to lack of money and equity. In many cases this will cause borrowers to become delinquent and possibly loose their homes to foreclosure creating additional problems. Also, the YSP in many cases is used to cover all of the borrowers costs therefore allowing buyers to purchase homes and borrowers to refinance. Borrowers do not have any extra cash during these current recessionary times and need all the help they can get. In addition, this creates an unlevel playing field. Large banks already receive YSP but it is termed a Service Release Premium (SRP). Brokers already have a disadvantage by having to disclose the YSP when the banks are not required to do so. The large banks make much more money on their SRPs than brokers ever thought of making. The banks are trying to push this through so the brokers go out of business and the large banks will be there to receive all the business. This is a disadvantage to the consumer. There will be no way for anyone to know what the banks are making because they are not required to disclose. The back end income (YSP or SRP) for anyone is no different than going to the grocery store and paying $3.00 for a gallon of milk that the grocer only paid $1.50 for. There is no way the grocer can sell the milk to the public for what he paid for it and stay in business. The same is true for the mortgage broker. They cannot sell rates at the wholesale rate and stay

in business. Brokers have the ability to shop the loan for the consumer and provide the best loan with the best interest rate for the consumer. Once the banks have all the business this will eliminate the competition and the rates, time frames and costs to the consumer will be increased. A consumer receiving a loan through a bank does not have the same options as with a Broker. The Broker can shop the loan, has the option of taking the loan to another Investor should the first one turn it down, without the consumer having to re-apply for a whole new loan. A bank does not have that luxury. If the loan is declined for any reason, the borrower will be required to go to another bank, complete a new application and start from scratch. This will likely cause purchase contracts to be lost. Not only is that inconvenient for the consumer
it is costly and time consuming. This rule making is accomplishing the following: · Eliminating the mortgage brokerage industry - causing job losses in the thousands - creating more foreclosures · Competition is eliminated · Increased costs and times to consumer as banks will increase their profit margins since they are not required to disclose. Consumers have already been hit with higher costs and delays due to the HVCC rule. Please DO NOT increase the costs & delays to the consumer again. Sincerely, Denise Wing C.E.O.