

From: Allied Home Mortgage Capital Corporation, Jay McDowell
Subject: Reg Z - Truth in Lending

Comments:

A Regulation Eliminating the Par Plus Pricing for Mortgage Brokers is the most Anti Consumer and Anti Home Buyer Regulation that has been discussed in my adult life and in my 28 years in the mortgage business at a time when consumers are being shut out of the home buying process in record numbers due to dozens of other federal restrictions and nearly impossible requirements.

As it is now, I normally charge a 1% Origination Fee and get 1% or 1.5% back in Par Plus Pricing in order to make the 2% to 2.5% that is necessary to run my office and pay my staff and myself.

With the other closing costs involved in a purchase, it is all the buyer (or the seller) can do to pay the 1%. If the Par Plus Pricing is taken away, our only option is to charge the buyer 2% or 2.5% instead of 1% -however, our buyers can never afford that, but without 2-2.5% in revenue on a loan, I cannot run my mortgage office-I cannot pay utilities, rent, salaries,etc.-We will become extinct.

Par plus pricing has been disclosed by us to our buyers for years and years through the requirements of numerous previous Federal Regs-without Par Plus pricing the reduction in home sales in the USA will be huge-in addition, consumer choices in lenders will dramatically drop so that consumers, especially in less populous areas, will have little or no choice to shop around for a mortgage loan, they will have no choice except their local bank, as in the old pre-Mortgage Broker days.

Throughout everything that has been thrown at us in the past 9 or 10 months, I have not really been ready to believe that it is the desire and intent of Congress and the Dept. of HUD to put the mortgage broker industry out of business.

However, if you do indeed adopt Reg Z-Docket No. R-1366 , I will finally agree with the line of thinking of many of my contemporaries that Congress and the Dept. of HUD really do want us to join the Tyrannasaurus Rex and the Pterodactyl.

Please don't do it.

Jay McDowell,
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