

From: Los Gatos Lending Connection, Maxine Gress-Broker
Subject: Reg Z - Truth in Lending

Comments:

Dear Federal Reserve:

[Highlights include page 178 (43408) which contains the new proposed broker compensation (little or no rebate will be paid; the broker will not be paid upon any of the loan characteristics and will have to charge a flat fee or an hourly fee, etc.) Also worth viewing are pages 43279 - 43285 (page 49 - 55) (beginning with "Background" on the bottom of page 43279).
regulations.justia.com/view/152199/]

I do not understand why you think that forcing legislation on small business's that offer choices to the consumer other than the big bloated banks will protect consumers. Small Mortgage Brokers are a major industry in the United States and most of the new regulations are designed to force us out of business. It seems that the powerful bank lobby groups are very close to success in forcing their agenda.

The HVVC is a prime example of legislation to "protect" the consumer. We now have bloated companies in the middle and what are the results? The consumer is paying a minimum of \$80.00 and more for an inferior product and the appraiser has lost 30% of his income to pay the Company in the middle. Some of the most honest people that I know who were formally independent appraisers are now out of work and their life careers are over.

If you take away "rebate" or "service release premium" you eliminate the choice of a "zero" point loan or even a no lender fee loan. The no point and no fee loans allow the borrowers with high loan to value the opportunity to increase the interest rate marginally and refinance at a lower rate without pushing that 78% LTV to 81% and mortgage insurance. Many clients prefer this option as it is less cash out of pocket and many can't afford the cost of points. Eliminating this option will limit the consumers choices and ultimately hurt many consumers.

ALL Banks have their own underwriting departments and have always verified the loan file, if they accepted low quality files it is because they wanted to book the business. Wholesale lenders made the rules if they got burned it is because of the standards that they set for brokers to follow.

If you take away "rebate" or "service release premium" pricing from the mortgage brokers (and not the banks) this is actually a law that discriminates against small business, There were many, if not more "bank" lenders that used poor business practices to take advantage of uneducated borrowers as there were mortgage brokers. There were several very large banks that demanded their originator sell the "Pay Option ARM" as well as banks forcing their originator to tell borrowers they do not qualify for "A Paper" loans and were only able to obtain "Sub-Prime" loans instead.

The banks today are carrying assets on their books that are fraudulent. They are canceling equity lines across the country, telling the client the line is closed, but if the client has a balance and he is refinancing the first and subordinating the equity line the subordination agreement is for the original

balance and that is what is recorded on the title even though the borrower actually owes much less. This method of subordination makes the banks interest in the equity of the property look much higher than it is.

Mortgage brokers contribute to the economy and many of us support out local communities. We are involved with many charities and we take care of our own. I ask that you take a real hard look with open eyes at this legislation to see it for what it is and vote to improve our economy, not give big banks monopoly on the lending industry. Thank you!

Sincerely,

Maxine Gress-Broker
Los Gatos Lending Connection