

From: Jeremy J. McMichael
Subject: Reg Z - Truth in Lending

Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages

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Name: Jeremy J McMichael

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Category of Affiliation:

Address:

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Comments:

I am a licensed mortgage broker and I have grave concerns in regards to your restructuring of compensation from a lender to a mortgage broker. This is my profession and I handle my transactions with consumers in a professional manner. My business model has always been to maintain low over-head, provide exceptional customer service AND provide extremely competitive fixed rate conventional mortgages to my customers. I provide this service and delivery of terms at a great value for my customers. I charge a small broker fee to the customer and provide them with the lowest rate that pays ysp (usually paying me 50 bps or less). My removing the rate - price compensation method, you will be eliminating the possibility of my company offering the lowest rates possible to my customers. In effect, you are removing my competitive advantage and will, most likely, force me out of business. Most importantly, this is going to cost the customer more as lenders will post higher interest rates in order to pay a mortgage broker a "flat fee". Beyond those points, I question how this type of compensation structure would not be construed as "price-fixing". It considerably limits the ability of a mortgage broker to find the best rate for his/her customer. I understand the need to better ensure that consumers understand completely the terms of their financing so that the mortgage/real estate crisis that we are currently trying to work our way through as a nation does not ever occur again, but I truly believe that to make this particular change to Reg Z would be significantly detrimental to the consumer and is an over-reaction to the crisis that has occurred. I would suggest that you keep the rate-pricing compensation model in place and place stricter maximum limits on the compensation. This would still allow me to do my job for my customers and would ensure that consumers, nation-wide, are not being charged higher rates than are warranted based upon their creditworthiness. I implore you to reconsider this measure.