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Comments:

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I am a mortgage lender, and have been for 22 years. The legislation that allowed subprime mortgages to exist was a debacle and I was glad for the repeal of those. However, recent legislation that is trying to "protect" the consumer is now swinging the pendulum too far. First, the time frames of what this legislation creates, costs the consumer more money in longer times to close, and thus longer lock periods on the rate, and potentially a higher rate. Also included in the body of this bill is the elimination of YSP. Without this
lenders have no choice but to use PAR as the interest rate and charge points. How is this better for the consumer? A lower rate, yes. But that has always been an option. Now they will have NO option. They will get the PAR rate and be charged points, since no lender is going to do loans for free. The biggest hurdle for most people to buy a home is having enough money for the down payment, closing costs and prepaids. Now their closing costs are going to go up substantially. In all my years of lending I have never charged excessive rates to consumers. Why? Competition. If everyone is offering 5.5% on a 30 year fixed, why would someone come to me if I gave them 5.75%? It is the free market that keeps rates in check. And YSP keeps up front costs down for people to be able to afford buying. If YSP is eliminated, the housing market will crash further, because there will be a lot less buyers who can afford to come up with the necessary money for the transaction.