

From: Herb Werner
Subject: Reg Z - Truth in Lending

Comments:

Date: Sep 22, 2009

Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
Document ID: R-1366
Document Version: 1
Release Date: 07/23/2009
Name: Herb Werner
Affiliation:
Category of Affiliation:
Address:

City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

This proposal has the potential to severely effect the mortgage industry and consumers in a VERY NEGATIVE WAY. The limitations being put forth in regards to payments to mortgage brokers in 1366 would be catastrophic. Why would we not allow a mortgage broker to make money on a 0 point loan, ie. why not allow the payment of YSP? The ability to make money from the end lender, and not from the client is a very neccessary part of this business, and part of providing borrowers with low cost loans. By offering the client rates that are lower with more up front costs, as well as only slightly higher rates (usually within 3/4 of a percent) with much lower up front costs - allows them to make the decision that is right for them. Often the closing costs need to be kept as low as possible, and providing a slightly higher rate helps in accomplishing this.

This limitattion would also put the Mortgage Broker at a tremendous disadvantage and thus decrease competition in this industry drastically. This industry has already been severely effected by this economy and increased banking restrictions on lending. Yes, many lending products several years ago were way too lenient in their restrictions, BUT if we go to this extreme - borrowers will be even more restricted than they are now. I have been in the banking industry for over 15 years, we are tighter with our lending than I have ever seen it! This is obviously a knee jerk reaction - and as a regulating entity, you must keep the knee from going too far and breaking a vital leg of our industry, and thus our borrowers, and our economy! Say NO to this proposal, Say NO to limiting Yield Spread Premium!