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Comments:

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Below is a letter I sent to my senator Kirsten Gillibrand. Please do not close my company I have worked so hard to create over the past 12 years. Dear Senator Gillibrand: I am writing to ask your help to save my company. I own a mortgage broker company and have been in business since 1997; I have been in the business since 1989. My partner Joanne Russell and I run an extremely honest company and work very hard for our customers to get them the best available mortgage product at the best available rate. We have employed between 15-25 people on an annual basis over the past ten years. We have had staff that have been with us since the beginning and offer our employees health insurance, a 401k plan, vacation and holiday pay. We have always operated in a fashion that serves our employees and our community. We have shared the profits of the company with our staff. In 2008 as the industry went into free fall, we borrowed money to keep our staff. The owners made no money and had to live off of savings for eighteen months or so. We believed in trying to keep people employed here who had done so much for us in years past. If that environment had continued, we would have had to reduce more staff and possibly close. 2009 was a much better year and all of our hard work and determination was rewarded, and we paid back our line of credit and feel like we are on a solid financial footing again. After all of the industry changes and after all of our efforts we now face elimination. Regulation Z - Truth in Lending - Closed-end Mortgages [R-1366] and legislation being offered by Representative Barney Frank will undoubtedly cause us to close our operation. We will just not be able to deal with this level of disclosure and potential liability. It is completely crazy. I am sure that I will be able to find a job in the industry but we will be closing another small business in America. We will be letting all of our people go at a time when this economy needs jobs and competition. I voted for President Obama little did I realize I may have been voting to eliminate the company I have spent my adult life building and nurturing. It is

my and my partner's blood, sweat and capitol that created this company now my Government is trying to eliminate us. I can't tell you how much that infuriates me. We don't cheat people. We don't steal from them. We don't do anything but work extremely hard for our customer's benefit. We earn our fee that we make from our lenders and that fee is disclosed numerous times to the borrower. Below is a more detailed description of what is happening and I understand if you don't have time to get through it all. Just know that a company in your district will be forced to shut down if these rules are enacted. There is just no way to deal with it logistically on our end. The predominate method by which we get paid is with yield spread premium or YSP. This allows us the ability to offer a zero point loan to our customers. The banks we deal with offer us a discounted rate in order to do this. For example, if a Wells Fargo retail branch is offering 5% with zero points we can also write that loan with Wells Fargo at 5% with let's say 1.375% coming to us in YSP. Now I may have another bank that is willing to pay me 1.375% in ysp at 4.875%. I can then offer the customer the 4.875% at a different lender much to the benefit to the consumer and to the market in general. This offers so much liquidity to the mortgage industry and prevents one or two banks from dominating an area. The new regulations aim to create an arcane system by which we must prove that the rate we gave the customer was the best rate on that day. We must have individual agreements with each lender on how we get paid. When an individual goes to a bank, the bank is not required to disclose how much money they are making on a loan. The bank is not required to give them the best rate available on the street. They give them their rate. The customer can take it or go to another bank if they think they can get a better rate from them. We do this for the customer. Also, there are many times I will explain to a borrower that if they want to close in 30 days, their rate will be say 5% but if they want to close in 45 days their rate will be 4.875%. This would be due to the bank with the lower rate having inferior service and not being able to facilitate a 30 day closing. This kind of thing happens all the time. I would not be making a higher commission on that loan due to a higher rate it all comes down knowing what bank can do what at what price. As brokers we have to negotiate this terrain every day and need to know what all of our banks are doing. Each loan is different and has each borrower has a different set of issues and priorities. We have to find the correct fit for those needs and priorities with specific lender. The banks that are able to give us the best service at the best rate get our business. It's all about competition. Reg Z is also looking to limit how much we can get paid. First of all, I don't know of any other retail situation in America where the income of a company is dictated by the Government. The market is supposed to do that. To me this on the face of it is very scary territory. I know you are an attorney. Were you ever told how much money you could make or did the market decide that for you? It is the same situation for me. I can't give someone a rate of 5.5% when the market rate is 5%. This is ridiculous. The borrower may choose a 5.5% rate in order to use YSP to pay closing costs. This is all up to the borrower and what this legislation does is severely limit those choices. This also serves to severely limit the options of the lower income borrower. We can write a loan for a 2% commission on \$100,000 loan but can not write a loan for 2% commission on a \$40,000 loan. After we pay 50% commission to our salesperson we are underwater making \$400 on a loan. The folks who need the most help getting a loan will have fewer choices. Why can Fannie Mae and Freddie Mac charge more for smaller loan sizes but not us? There is no question that some of the people in this industry were dishonest and those people should be held to account. But, due to the new burdens on the industry most of those people are long gone. I applaud some of the industry changes especially state and federal licensing for all originators. The types of people and the types of mortgage products that caused

this crisis are no longer in this industry. What is happening now is a reaction to a problem that has been rectified and is, with out question, overkill. Getting a loan these days is a very difficult process. Every borrower and property is heavily scrutinized. The mortgage broker is needed more than ever as we offer so many more options then the local bank can. I can't tell you how many real estate transactions we saved this year alone. This whole notion of trying to manage this industry will have huge ramifications on the real estate market and the economy as a whole. At a time when the economy needs liquidity and needs jobs this will put us out of business. Please contact me if you have any questions at. Once again, I am asking that you please help us as it seems our fate is no longer in our own hands. Sincerely, Robert Beaulieu Robert Beaulieu CEO