

From: Kings Mortgage Services, Inc., Jana Holmstrup  
Subject: Reg Z - Truth in Lending

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Comments:

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

I respectfully request you do not adopt this proposed rule. The industry is in the midst of many, many regulatory changes and I urge you to give them time to work or, at the least, time to evaluate whether they are working. We have the new GFE which will require the full disclosure and credit of YSP to borrowers. A new form which explains the meaning of this YSP and also disallows changes. The intent is to inform the borrower and eliminate bait and switch tactics. We'll also tackle the S.A.F.E. Licensing Act which imposes new qualifications on loan originators to make them accountable, qualified, and intends to weed out the 'bad apples'. We also have HOEPA limits, FNMA/FHLMC limits, State limits, and the new HPML limitations. We must take time to evaluate their effectiveness. We must also enforce all current regulations! This is what is sorely missing in our industry - enforcement. We don't need new regulations, we need enforcement of current regulations. Elimination of compensation based on profit seems un-American. Will we also eliminate commissions on all other sales people? The man who sells a million dollar motor home I would guess earns a much bigger commission than the Ford Escort salesman. The stocks that we buy, will the stockbroker be required to sell at their cost? Will we make those flat fee also? In the mortgage industry, the loan is our product. How can we not compensate based on the sale of the product? Should we change to flat-fee pricing, what will that do to our lower income borrower, many minorities, who purchase the lower-priced homes? Will they pay the same flat fee as the mansionette borrower? If so, guess who wins and - sadly - guess who loses. As a mortgage lender, I will be forced to find a way to compensate my originators. They are all Professionals and earn their commissions. Maybe we will pay based on profit or perhaps quarterly bonuses based on volume, but we will have to find a way. Brokers will also find a way. The thought that they would broker the loan to whomever pays the highest 'flat fee' seems to circumvent your intent. My biggest grievance is the bottom line -

you feel we should sell our product at cost. Can you name one other industry to which this applies? I truly believe this should not be adopted and real conversations should take place with those of us who are on the front line and are abiding by the rules. Together, we can find a solution - if indeed we still have a problem. Respectfully, Jana Holmstrup Kings Mortgage Services, Inc.