From: William P Hoyt

Subject: Reg Z - Truth in Lending

Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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Comments:
The changes proposed to Regulation Z by Section 226.36(d), Prohibited Payments to Loan Originators will negatively impact consumers through the reduction of choice and through the unnecessary restriction on options they would otherwise enjoy which would allow them to manage the various costs associated with obtaining or refinancing a mortgage. The Board specifically seeks comment (Federal Register page 43245) about "alternatives to the proposal that would further the purposes of TILA and provide consumers with more useful disclosures" . In that regard, submitted with this comment is a position statement and proposed one page addendum, which if used in conjunction with the detail information presently contained on the Good Faith Estimate (before the HUD Regulation X changes) will much more directly "further the purposes of TILA and provide consumers with more useful disclosures." As the position statement explains the misunderstanding that resulted in the carve out of what is commonly referred to as Yield Spread Premium has taken the mortgage disclosures in a direction that fails to further the purposes of TILA and confuses the real issue while making comparison shopping much more difficult. By applying the very straightforward recommendations in the position statement and by using the shopping tool in conjunction with information that is already generally available, the Board could add tremendous value to the Regulation Z changes without the negative consumer and business impact implied by the current proposed changes. As it exist today, the proposed good faith estimate for 2010 is unfair to lenders in that it requires a commitment on behalf of the lender when in each loan scenario the actual cost, either in house or provided by a third party can vary. If a committment is required then it should only apply to those services and fees controlled by the lender. For example, credit report repair can run from as little as $30 up to $600 or more. The lender cannot control what these charges will be and should not be restricted to a set fee. Secondly, the form and format of the of the new good faith estimate only confuses the customer more than the already existing TIL. A

good faith estimate should have a beginning with a sales price and an ending with an accurate estimate of what amount is needed at closing. While there are many attributes of the new good faith estimate that do achieve consumer goals, it is missing the basic key elements of the estimate. Please consider the format proposed by IMMAAG as it succeeds to provide continuity of fees across lenders as well as give the customer a basis for comparison shopping. Thank you for reviewing the explanation and suggested changes. Please seriously consider them. They represent a "real" consumer oriented alternative that will achieve the Board's and TILA's objectives.