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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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As a licensed mortgage broker in the state of Florida, I do not understand why this legislation is even being considered. In 3 weeks all mortgage lenders, including mortgage bankers and brokers, will be required to start using the new GFE required by RESPA law changes. This GFE is a standardized NATIONAL form that all mortgage seekers will have to be given. The YSP has to be shown as an Origination Cost to the borrower. Borrowers can easily understand what their costs, rate and payments are going to be. From there, the borrower can make up their own mind as to which lender they want to use. I worked for BOA Mortgage for 11 years and Wells Fargo Mortgage for 15 months as an originator. Each bank has "Par plus" pricing. The higher above Par you were able to get, the more commission you could earn at each bank. Just like YSP, this Par plus pricing (a/k/a Premium Pricing) could be used to pay some or all of a borrowers closing costs. In the retail mortgage dept. of each bank, 2 different originators in 2 different offices of the same company could quote the same rate to a customer yet one might charge 101.00 and make commission based on 1% over the par rate. The 2nd officer might charge 102.00 for the same rate and be paid a commission based upon the 2.0% over par. The customer however, knows his rate as he has to sign a lock in agreement and doesn't really care how much the originator makes. Why don't the banks have to disclose par plus pricing on the new GFE's and why wouldn't they have to eliminate use of par plus pricing? Mortgage brokers (in Fl. at least) have to disclose what the YSP is on the initial disclosure document "Mortgage Broker Agreement". We have FULL DISCLOSURE. I have never had a borrower complain about what we were making from our lender in YSP, not once. As long as they know they can get the rate that made them apply with me in the first place and the YSP doesn't come out of their pockets, they are fine with that. Heck, if they don't like the YSP, they can withdraw from the transaction without losing any money because of the MDIA disclosure policy. To enact this legislation and take away brokers' YSP, but

not take away Par Plus or Premium Pricing in the banking industry is terribly unfair to mortgage brokers and customers. Not only would this effectively kill the mortgage brokerage industry, but it would result in much less competition for the banks. I have gotten most of my loans this year because my pricing to the borrowers was BETTER than the banks' pricing. How would it help the consumer to have this opportunity to shop rates at mortgage brokerages discontinued? In addition, since the mortgage brokers would earn less money if the bill is passed, you would be looking at many thousands more people that would be unemployed. Many of these unemployed brokers would then have to have the bank (with Par Plus pricing capability) Foreclose on their homes. IT'S ONE THING TO WANT TO HAVE FULL DISCLOSURE FOR BORROWERS. THE NEW GFE WILL ACHIEVE THAT. IT'S ANOTHER THING TO REGULATE THE INCOME OF MORTGAGE BROKERS WHO HAVE NOT TAKEN ANY STIMULUS MONEY FROM THE GOVT. FOR A BAIL OUT. Please, please do not eliminate the use of YSP. It makes no sense to do so in today's mortgage environment given the new GFE/RESPA and MDIA rules implemented this year. Thank you for your consideration of this matter.