

From: Department of Real Estate, Todd Strane
Subject: Reg Z - Truth in Lending

Comments:

Date: Dec 14, 2009

Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
Document ID: R-1366
Document Version: 1
Release Date: 07/23/2009
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Comments:

My name is Todd Strane and I am a Mortgage Broker and Business Owner.

I have been in the mortgage industry for 10 years and have provided fair, accommodating loans to hundreds of home owners in the state of California. My team and I work hard to ensure our clients are treated with respect and that each borrower is given special attention to find the best rates and loan opportunities possible. I am opposed to the new legislation involving the restructuring of Regulation Z / Truth in Lending, closed-end mortgages, for several reasons. The primary reason is the elimination of YSP, which is not only how most loan brokers make their living but also how we provide affordable, no-cost loans for our clients. This new legislation would prohibit no cost loans and have a significantly negative impact on the general public. Borrower closing costs would be dramatically higher and it would eliminate rate/price flexibility. Many first time home buyers would also be eliminated due to the high costs involved with obtaining a high mortgage. In reality, mortgage brokers would basically be eliminated and eliminate competition, which could also increase the cost of mortgages in the long run. YSP does not present a significant risk of economic injury to consumers but rather helps low-income, entry-level borrowers. The assumption that YSP is injurious to consumers has no empirical data to support such claims. In addition, small loan amounts would most likely be eligible for up-front origination points options only and low income borrowers who can only qualify for small loans would be priced out of the market or severely penalized by high costs. I believe Regulation Z will harm California's Mortgage industry by discouraging potential home owners because of high origination costs and not flexibly for their personal situation. Please don't overreact to the disconcerting demonstration of poor lending practices of the past with this extremely restrictive legislation. By allowing brokers to earn a YSP and at the same time providing lending guidelines and regulations that provide good lending practices, the mortgage industry will recover from its mistakes of the past. I am sure that we have already experienced the dramatic improvement in

mortgage fall out rates just by the change in underwriting guidelines that have been implemented by the lenders. By maintaining such lending standards, you will repair at least 90% of the problem that previously existing in our industry. Thank you for your consideration in this regard.