From: Anthony B Maddalon

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
Name: Anthony B Maddalon
Affiliation:
Category of Affiliation: Other
Address:

City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

I am opposed to the recent proposal to modify the YSP compensation to loan originators for many reasons. I was recently laid off as a Sales Manager for a large retail bank and decided to start my own broker company. This proposal of paying and flat free or an hourly fee to originate a loan will destroy our company and the 60 loan officers we employ. First of all the consumers will be hurt by vitually eliminating a no cost loans. Loan originators often credit the consumer a portion or all of the YSP to help the borrower with their closing cost. By reducing the flexibility of the YSP. The LO can ill afford to credit any money back to the consumer. Secondly, You are encouraging loans to be steered to the higher compensating flat free agreements. Trying to enforce anti-sterring regulations will be very difficult if not impossible. This proposal does not allow the originator to credit back any of the fees back to the borrower.Thirdly, Revenue is currently affected by loan size throughout the industry (secondary markets and throughout the process). By paying a flat fee or hourly wage on small loans will force the lenders to incease the fees on a small loan to pay for the cost of the set compensation. If the lender can't sell that loan in the secondary market for as mush as a large loan the only way to make the difference up is to raise the rate or charge higher upfront fees. Thus hurting the consumer. Finally I would like to stress to you that this will lead to less competition in the market place. This would push loan brokers out of the market while they are already under pressure due to the retail banks pointing the blame on the loan brokers.

The broker industry accounted for only 12.9 % of 3rd quarter originations down from their high of 28.2% in 2nd quarter of 2007 according to the National Mortgage News Report. The whole industry was the problem because Wall Street was selling CDOs with poor deliquency models. It was the not the brokers who came up with the idea of 100% stated and sub-prime loans. It was Wall Street and the large financial instituions who invented and sold this product in all of their channels. The retail banks are up to 48.3 percent of the 3rd quater originations and the loan correspondents are 38.8%. Passing this proposal will allow the retail banks to generate flat fee agreements in their favor and push out the loan brokers. It's so frustrating to see the large institutions taking advantage of the new regulations and rules (TARP money)to make money while hurting the consumers. This is just another proposal that we wont see the consequences until it's too late. I highly urge you to withdraw this proposal. Allow the new HVCC, MDIA, and RESPA regulations to take place and see how it plays out before making this proposal law. This will have a disastrous affect on the consumer.