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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:
To Whom it may concern, I have been in the mortgage industry for many years now. Nearly 10, and I can say without a doubt that the world of mortgages today is far better than the environment that existed from 2004-2007, when quite honestly things were out of control. I say this, even though the abrupt change to the market today as we know it nearly bankrupted my family and many good people I know in this industry. I must say the secondary markets swung so far in the opposite direction of the excesses that it now seems unbelievable that some of the things that were actually out there were allowed; neg amortized loans for retired individuals; predatory loans, 2 year fixed loans with 3 year prepayment penalties; stated wage earner loans; 100% stated income loans; cashout loans where the cost equaled the cashout; the list can go on and on. But those days are gone. The free markets eliminated these loans. And now good credit worthy homeowners cannot get financing (self employed borrowers with hundred of thousands of dollars in liquid assets and perfect credit do not qualify for any type of loan if their income taxes show low income), and the banks are having a record year of profitbility at the expense of the homeowner at large. These changes that are being proposed,will only further this gap. The proposed removal of YSP, and Borrower paying up-front points OR lender pays flat fee to originator for compensation will completely destroy the competitive environment that now exists. Big banks would have less incentive to compete as this would completely eliminate small to mid sized mortgage bankers and mortgage brokers and we will see institutions such as "the Big 4" Chase, BofA, Wells,and Citi be in much more of a position of power than they already are. This will eliminate all small and mid sized players and definitely costrain there ability to compete,as many currently pay originators based on the size of loans and commission only. If this went away, they would be forced to pay a flat fee or hourly wage which does not benefit the consumer at all. It makes loans more expensive (much higher fixed costs)to originate and constrains smaller players in their ability to compete against big name banks for talent

(talent will leave the industry for more lucrative industries or they will go to work for a bank which is a more stable job than a smaller mortgage banker/broker. Hence pushing more power into the hands of the big 4.Competition drives down costs. These changes will eliminate competition in an industry that is already far less competitive than it was 2 years ago. Consumers will be the ones to pay for this in the way of higher fees,higher rates,and more interest to the banks in the short and long run. I urge you to reconsider this legislation. In the 2 years since the credit markets have imploded there has been no good legislation passed that has helped consumers that the secondary free markets did not figure out first. Please allow free markets to function the way they were meant to function with a bit of make sense legislation. Eliminating competition in any industry is bad for consumers of that industry, the very people we are trying to help with this legislation. Also it should be noted that i have tracked our companies revenue per loan over the past 5 years and since August 2007, our revenue per loan is 50% of what it was prior to 8/2007. Margins for originators are already paper thin. This legislation is a for sure death sentence to the small originators of the USA. Killing the competition is not the answer. Make sense regulation is.