

From: BENJAMIN V WANBAUGH
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:

Vote NO to [R-1366] The proposal will stifle competition Elimination of competition would eventually lead to monopoly. The proposal creates conditions that would encourage steering Enforcement of existing anti-steering regulations would be difficult or impossible to enforce. The proposal creates an environment for greater litigation and burden on loan originators. Many brokers/loan originators will cease lending as result of skyrocketing liability Reduces options for consumer to choose pricing options. Borrowers are injured by lack of pricing flexibility. Originator would be encouraged to steer loan to lender with higher flat fee. Consumers would be further confused by non disclosed ?private? compensation agreements between lenders and originators Many banks/mortgage banks will choose to cease participating in third party originations. The proposal does not allow loan originators to reduce his/her compensation, to benefit borrowers. As market conditions change, the spread between par and ?flat fee? pricing increases, causing borrowers to be forced out of flat fee option (rate too high) or pay high up-front fees. Creates environment with too many adverse and unfavorable effects on the industry. It would prevent secondary market from returning to normalcy. Bad originators would work the system while good originators would be driven away Brokers will not be able to compensate loan originators on a hourly basis without some certainty of being paid. Tracking hours spent on each loan would be impossible and impractical. Also would hurt consumers who happen to select a slow originator. No originator would be compensated based on loan terms (interest rate, loan amount, margin, prepay penalty) No cost loans would be nearly impossible. Borrower closing costs would be dramatically higher, eliminates rate/price flexibility, more opportunity for secondary marketing to increase profits. Many first-time buyers would be eliminated due to high closing costs. Mortgage brokers and the opportunity for competition would be eliminated. 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 Please Vote NO to this proposal