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YOUR BELOW statement is completely misguided, lacking any understanding of the mortgage loan industry. The statement is false in that it connects the first sentence (referring possibly to PREPAYMENT PENALTIES) to the second sentence (referring to a loan officer commission on the loan YSP - what about SRP same thing!). "When loan originators receive compensation based on a transaction's terms and conditions, they have an incentive to provide consumers loans with higher interest rates or other less favorable terms. Yield spread premiums, therefore, present a significant risk of economic injury to consumers. Currently, such injury is common because consumers typically are not aware of the practice or do not understand its implications and cannot effectively negotiate its use." (Federal Register / Vol. 74, No. 164 / Wednesday, August 26, 2009 / Proposed Rules, 43281.) What this statement should say is: "WE HEREBY OUTLAW PREPAYMENT PENALTIES" - done. "WE HEREBY OUTLAW LOANS WITH POTENTIAL FOR NEGATIVE AMORTIZATION" - Done! There is no reason you should OUTLAW an honest loan officer's ability to make a % commission based on the loan amount! If your intention is to regulate/limit Loan Originator compensation, why not keep it simple and say: "LOAN ORIGINATOR COMPENSATION (regardless of whether that is a loan officer sitting in a retail bank, a mortgage banker/correspondent OR a wholesale mortgage broker) IS HEREBY LIMITED TO 2%. Make ALL LOAN OFFICERS AND BANKS (even the ones sitting at the desks inside the BIG BANKS that caused the meltdown in the first place) disclose the % commission they are being paid and just cap it at 2%! Or different % caps on a sliding scale tied to loan amount. Such as 3% cap for loan amounts from \$50,000 - \$150,000; and 2% cap for loan amounts \$151,000 - \$350,000; and 1.5% CAP for \$351,000 - \$700,000. Yes some will argue that you will take away the ability of the loan officer to do a "NO COST" loan whereby the Loan Officer PAYS the FEES for the borrower out of the extra commission. Well if you keep the sliding scale caps high enough to allow a little wiggle room, you could still leave that a possibility for those who want it. If a loan officer made a 2% commission on a \$350,000 loan amount (\$7,000) and wants to offer his customer to pay \$3,000 towards the closing costs (title company, escrow

company, BANK FEES, appraisal) - then the loan officer would still make \$4,000 and that's enough. There are currently CAPS on TOTAL COMPENSATION that can be made on a file - WHY NOT JUST ADJUST THOSE CURRENT CAPS Downward??? I never have to worry about exceeding the existing caps on compensation because I am a GOOD, HONEST, HARD WORKING small business owner, business is built on 100% referrals and I've been in business 10 years and survived 2008! YOU WILL DESTROY MY SMALL BUSINESS AND FORCE ME TO SHUT MY DOORS IF YOU CREATE A FLAT FEE ARRANGEMENT and/or take away my ability to earn a commission on a loan amount just like everyone else involved in a real estate transaction does. WE need a solution that TAKES OUT the BAD BROKERS, BAD LOAN OFFICERS wholesale, retail or wherever they are hiding. Every industry has the slime who are always "looking for the angle". You will NOT TAKE OUT THE SLIMY Loan Officers by your proposed rule. Rather, YOU WILL SHUT DOWN SMALL BUSINESSES ACROSS AMERICA where honest mortgage brokers/wholesale loan officers have earned honest livings by obeying all appropriate laws and taking better care of the CONSUMER than the BIG RETAIL BANKS ever will!!! There are SLIMY CROOKED Loan Officers sitting inside the PROTECTION of the BIG BANKS - MAKE THEM SHOW THEIR %percentage commission earned on every transaction like I do now and have been required to for the entire 10 years I've been in the industry. I LIKE showing my customer exactly what I'm going to make on the transaction and explaining to them that to the PENNY they will see on the FINAL closing statement what I ACTUALLY made, not just the ESTIMATE of what I'm going to make on my GFE. THEY DO NOT GET THE SAME TRANSPARENCY from retail banks (come work RETAIL where you don't have to SHOW YOUR YSP is the recruiting slogan). Your idea of flat rate compensation agreements between BANK and broker is a bad idea. The SLIME will remain in the industry and they will STEER every consumer to the BANK who's paying them the most flat rate. AND - I can promise you that the BIG BANKS will all soon pay FLAT RATE on a sliding scale based on PRODUCTION sent to them by each broker - the MORE loans you send us, your FLAT RATE goes up! Have you thought about PREVENTING that one? You currently allow the BIG BANKS to pay MORE commission to wholesale brokers who send MORE business and that's WRONG. Wrong because that broker is no longer SHOPPING for the best deal for JOE CONSUMER sitting across the desk from him, rather he is just shoving every JOE to that same BIG BANK paying him the extra commission. And I understand you are NOT REQUIRING the amount of flat rate to be disclosed BY ALL LOAN OFFICERS, retail or wholesale - so where's the transparency? Once again, you in Washington do not TRULY understand the issues in the industry thus your intentions may be good, but your methods are misguided. I sit across the desk from JOE CONSUMER who comes in to get a loan. He comes to me from my vast network of personal friends, family, former co-workers, and I treat him well and protect him from this slimy industry and make sure he gets a fair deal because he will send me my next client. I'm here in the trenches where the loans originate. I see the slimy loan officers continuing to work the ANGLE and they will continue to jump ahead of you in Washington - they will move on to the next angle they can work. Meanwhile I will CLOSE MY DOORS because your oppressive and misguided regulations will force me out of business - SMALL BUSINESSES ALL ACROSS AMERICA will close, the CONSUMER (whom you purport to be protecting) will LOSE HIS BEST ADVOCATE (the small wholesale mortgage broker whose business depends on treating that consumer fairly).