

From: A-Plus Home and Loan, Inc, David Icke
Subject: Reg Z - Truth in Lending

Comments:

Following is the original e-mail received:

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Regulation Z - [R-1366] is a proposal similar to "throwing out the baby with the bathwater." It will damage the American public as it exists. It will discourage competition, stifle small business, increase unemployment, and will disadvantage low income homeowners seeking small home loans. It will limit the public's options, alternatives, and flexibility when seeking home mortgages. By eliminating YSP, there will be limited options for imbedding the cost the loan transaction into the loan. No-cost loans will become almost impossible. When President Obama is focused on "Making Homes Affordable," this regulation will put homeownership one step farther from affordability. Borrowers will have less options for loans. Closing costs will be higher. Down payment money will need to increase. Mortgage brokers will become unemployed or they will have to go to work for the banks and lending institutions, since this measure is a knife in the heart of competition. Small businesses will close, leaving not only mortgage brokers unemployed, but also loan processors and support personnel. Maybe some can take jobs with the big businesses that certainly benefit from this regulation. We have seen some unscrupulous lending practices by a handful of brokers, manipulating the amount they can earn by adding features to a loan like a three-year pre-pay penalty. Even though a small component within the industry would take advantage of an unsophisticated client, they still are bound to disclose the yield-spread-premium within the loan documents, UNLIKE THE BANKS AND LENDING INSTITUTIONS, that do not have to disclose YSP. Since this regulation would decrease competition and drive borrowers to direct lending institutions, the public would be subject to being even MORE taken advantage of. Originators using loan provisions that benefit the mortgage broker more than the borrower are NOT pervasive within the industry, now. The upheaval within the market has effectively put these brokers out of business. Currently we have a high degree of competition; originators are vying to make the best deals possible for borrowers. Try putting a 3% cap on the amount of YSP that can be earned. Increase disclosure! Make big business lending institutions have to disclose the same data similar to YSP to their clients when lending directly. Do not eliminate

YSP! This will harm borrowers by reducing their options, it will increase closing costs, it will discourage home affordability, it will increase unemployment, it will reduce healthy competition, and it will throw our precious baby in the toilet along with the bathwater.