

From: Jeff Drew  
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Comments:

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Name: Jeff Drew  
Affiliation:  
Category of Affiliation: Other  
Address:

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

Comments:

Please reconsider the proposed language regarding YSP. First and foremost let's be sure we are all clear on the differences between wholesale (broker) rates and retail rates. The simplest way to explain it is: Wholesale rates + YSP = Retail rates. YSP is not predatory lending. It is a tool used to provide the borrower with options. The consumer can elect a loan with YSP to reduce their closing costs or a loan with an origination fee to get a rate at par or below the market which is no different than what retail banks offer. It is a choice they have and should be allowed to continue to have. As for YSP and limits, they are already in place. There are maximums currently set. Mortgage brokers did not create the current financial environment. Mortgage brokers do not; create new loan programs, create the loan program guidelines, underwrite or approve loans. The lender did and continues to do all of these things. The secondary market dictated what they wanted to buy and the lenders created the products to deliver. I understand the intention of protecting the consumer and I am all for complete transparency, but the end result will be even more additional costs to the borrower. The lack of competition will force borrowers to seek loans from the retail bank outlets. What does that look like? Here is an example of a scenario for 12/11/09. (Major National Bank/Lender and TARP recipient) Retail from their website 400K purchase price, 100K down payment, 300K loan amount, Credit grade 'excellent', Rate lock period 90 days, Rate quote: 4.875 with 1.50 points. The points quoted equates to \$4500.00 cost to the borrower, APR: 5.052, Closing costs were quoted as: \$9874.43 \*documentation on file My quote for the same scenario: 400K purchase price, 100K down payment, 300K loan amount, Credit grade 'excellent', Rate lock period 60 days. Should close in 30 days or less, Rate quote: 4.875 with (0) points. This equates to \$0 in points, APR 4.954, Closing costs quoted: \$3553.95, \*documentation on file, \*YSP is being paid on this loan. Benefit to the borrower of my loan proposal versus the above mentioned lenders quote: Reduced closing cost of \$6320.48 for

the exact same rate and monthly payment. After saving this example scenario over \$6000 in fees but earning YSP, was this steering because YSP was earned? If that is the case then the consumer needs the mortgage broker to continue to serve their mortgage needs. As brokers we disclose any and all compensation received. (Currently on 5-6 disclosures) Can you imagine how much compensation the lender is receiving from the above scenario EVEN prior to charging an additional 1.5% of the loan amount in points for the EXACT SAME RATE? Shouldn't that also be disclosed? Doesn't this contradict the thought that went into the proposed legislation? If the main concern is protecting the consumer, why would it not be in the new proposal that banks, direct lenders etc all have to do the same? Disclose all compensation. How can the consumer compare apples to apples when the law is set up so they have one apple and one orange to compare? So what is in the best interest of the borrower? There is only one way for anyone, be it a GOVT official or lender, to determine what is in the individual consumers best interest. You have to educate them and ask them what it is they are trying to achieve. Is it lowest rate, lowest closing costs, quickest turn times to close the loan etc. Since no one lender can be all things to all people, each individual should be obtaining home financing for what makes the most sense for them. Isn't that what you would want when you apply for your next home loan? Some of today's challenges facing borrowers: HVCC- The consumer is now faced with HVCC legislation. How much does an appraisal cost the borrower now? Anywhere from \$150 to \$300 additional and it can't be used with a different lender. If the first lender declines the loan for any reason the borrower incur and additional expense for an appraisal of anywhere from \$350 - \$600.00. The average person does not have up to \$1000 to spend on appraisals when buying a home. MDIA- The borrower signs a contract for a purchase of a home yet the delay of even moving forward with their home loan is on hold for several days waiting period. If they elect to float their rate at the time of application and disclosure (that may be their choice) and rates move higher they wait again. Contract performance dates get missed, more charges are assessed to the borrower from rate locks to contract extensions etc. How will this new proposal impact the consumer? The broker will have to have individual agreements with all lenders that they are signed on with. There could be 10-50+ of these agreements per broker. So which one should the borrower's loan be placed with? Is it going to be worth the potential legal impact of providing the borrower with the lender that makes the most sense for their scenario in "my opinion" only to have a potential legal issue to have someone else plead their case that in "their opinion" made the most sense? Eliminating and or reducing profits of smaller broker shops will force more out of business. All brokers are experiencing higher costs of doing business with just about each new piece of legislation from licensing to bonding etc. So the costs of doing business are increasing while the compensation is being proposed to reduce. The amount of time, work and effort needed on every loan file to get it from origination to close in today's market has greatly increased. A reduction of competition will allow the large lenders to charge whatever they choose having serious negative impact on every borrower and loan they originate. I started in this business 5 years ago and the same holds true today. A broker can beat the local banks in rate most everyday by .125% or .25% and be compensated for their service like every other working professional. If this proposal passes in it's current form, shouldn't these also take effect? All cars should cost the same at all dealerships? All life and auto insurance policies should cost exactly the same no matter where you buy it? All professional baseball players should be paid exactly the same? One price for a suit, a hammer, a gallon of milk etc. Sounds crazy right? But that is exactly how I read into the proposed legislation for the mortgage brokers regarding YSP. How can one group be held to standards that no other's are? Mortgage brokers did not cause the current

crises but are being considered the scape-goat for it. We simply offer superior knowledge and offer better and lower cost solutions for the consumer by providing competition for the direct lenders which benefits the consumer. Please evaluate carefully. The quick policy of trying to do right has had and continues to have very negative unintended consequences. Forcing brokers out of business will have dire consequences on the consumer. As brokers continue to close their shops and move from the wholesale side into the direct lender channel there will be even less people actually disclosing any compensation to the consumer at all. Thank you for your time.