From: Suntrust Mortgage Company, Janet Scribner

Subject: Reg Z - Truth in Lending

Comments:

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To Whom It May Concern: As an Account Executive for a major bank serving the wholesale broker community, and member of the National Association of Mortgage Brokers (NAMB), I write to you today expressing my concerns with the Federal Reserve Board Proposed Rule amending Regulation Z - Docket No. R-1366 (F.R. Fed. Reg. 43232). While I believe it is necessary to address remaining problems in the mortgage market, the Proposed Rule will ultimately only harm me, the small business mortgage professional, and the consumers I serve. I request that you strongly consider my concerns before issuing a Final Rule that could negatively change the mortgage market landscape, and impede a recovery of the housing industry. I am greatly concerned with The Board''s proposals addressing originator compensation. The main alternative would eliminate yield spread premiums (YSP) and remove a vital consumer choice in how to finance a loan, and limit competition in the mortgage market by choosing winners and losers. Furthermore, the Board recognizes that YSP provides a benefit to consumers, but inaccurately characterize it as an unfair or deceptive practice that can be used to steer consumers. Choosing to finance closing and origination costs through the rate allows borrowers to purchase and start building wealth through their home without requiring significant outlays of cash in addition to the downpayment at the outset of the loan. YSP allows consumers to compensate originators for origination services when they pay none, or only some of the origination fees or closing costs up front. This is a legitimate and legal way for borrowers to finance those upfront costs through the interest rate. I believe it is important for The Board to recognize and consider the unintended consequence that will be caused if the proposal is made final. I request that you consider the following policy recommendations: Revise language of the Proposed Rule to permit either the creditor, or a mortgage broker or third-party originator, to provide the required pre-application disclosures. Because the Board has not defined mortgage brokers or other third-party originators as creditors, and these originators are often the ones making first contact with consumers and taking applications, the Proposed Rule poses a compliance problem for creditors, mortgage brokers and other third- party originators. Eliminate the disclosure of APR, and instead require disclosure of payment terms, settlement costs and monthly payment. Board testing showed that consumers do not typically understand the APR and do not use the APR effectively as a shopping tool. Establish a reasonable tolerance threshold, within which certain terms could change after the final TILA disclosure but prior to closing without requiring re-disclosure and without triggering an additional waiting period. Janet Scribner