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Subject: Reg Z - Truth in Lending

Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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Dear Sirs, I normally have faith in the government that their motives and objectives are sound. But in the case of this "flat fee" business what sounds like a good idea in principle, I believe will have an effect opposite of it's intention. The intention should be to create a competitive environment where competition drives down prices-rates & fees by having a free and open market. By letting a lender pay originator A more or less than originator B, you no longer have a free and open market. This allows the lender to determine which originators thrive and which ones die. This favoritism will in short order eliminate a large part of the competition allowing the lenders to control the market and raise rates and fees as they see fit. The yield spread premium plays a vital role in the mortgage market. Most of my clients opt for either a "No Points-No Fees" loans or a "No Points" loan with some credit from rebate to wards the closing costs. Since this is what the educated consumers chooses most of the time, I question why the board fels they are in a better position to decide which option is best. There are better ways to stop up selling, take the new GFE, this form states the compensation to the origantor and if there is any up sell of rate the benefit will ALL go directly to the borrower. Please rethink this drastic move and keep competition alive in the mortgage business. Thank you,
Peter Weiss