

From: Choice Lending Company, LLC, Michael S Cook  
Subject: Reg Z - Truth in Lending

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Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages  
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I have been a mortgage professional for over 13 years. During this career, I have worked at community banks and mortgage broker companies. Both types of institutions have served the community in a beneficial manner. Recently, I started a small business as a mortgage broker. I have reviewed the proposed changes to Regulation Z. Although I agree with the intentions behind the changes, I feel the current proposal will, in reality, harm the consumer and potentially put thousands of small mortgage companies out of business. As proposed, the changes would only benefit large banks that can pay their loan originators on a salary basis. This would cause many seasoned and ethical loan originators to exit the business rather than to opt to work for a large bank. This loss of talent would negatively impact the quality of service provided to the consumer. The second impact would be an increase in interest rates offered to the consumer. The large institutions would essentially operate a monopoly. The smaller mortgage companies and banks will no longer offer residential mortgages as they will no longer be profitable. In my opinion, the solution to "cleaning up" the industry is not to limit compensation thereby putting mortgage brokers out of business. The solution is transparency. The recent changes to the Good Faith Estimate and the HUD-1 Settlement Statement are a good start. As an ethical, mortgage broker I have no hesitancy to share with my clients the YSP that I am making on each loan. I charge a fair price and my client's feel that the service I provide is worth that amount. My suggestion is that mortgage brokers are required to disclosure the YSP up-front. After this disclosure, the clients would be allowed a three day recession period. This increase transparency along with market forces will lead to a more efficient, ethical and competitive mortgage market. Sincerely, Michael Cook - Choice Lending Company, LLC