

From: Michael P Girard, Jr  
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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To whom it may concern, I strongly object to the new proposed changes to Regulation Z concerning the elimination of yield spread premiums to be paid to loan originators, and the proposal that they be paid on a flat fee basis. First of all I see it as an elimination of what our country is based on, a capitalist free market. The biggest cause for the collapse of the real estate market was in fact sub-prime, negative amortized and stated income loans that were created by the financial markets on wall street to increase profit and keep the fake real estate market going. The market has already corrected itself by not offering such loans anymore to consumers, isn't this enough. I see this whole thing as the a ploy for the banks and secondary mortgage market to point the finger at loan originators and make them out as the reason why the real estate mortgage collapsed. Loan originators did not create the underwriting guidelines for these loans, and I suspect that the people that did are also coming up with this flat fee proposal, or lobbying for it. I say this because if this proposal passes it will not benefit the consumer, it only stands to benefit the secondary mortgage market because they will have stifled the competition for the consumer and they can now make more money and higher profits for themselves. Competition is good for the economy, it gives the consumer options. They have the ability to shop around and see who is offering the best rates at the lowest cost. With everyone receiving a flat fee there is no competition and loan originators are just going to be steering their clients to the mortgage lender that offers them the best flat fee, not the best available rate for their client. Furthermore borrowers will no longer be able to trade a higher rate for less closing costs, essentially a no cost loan. Loan originators will ultimately not even want to do small loans because the flat fee will be so low that it will not be worth their time. Don't let regulation destroy this free market, remember competition is good for the economy, and the only way to have true competition is to have a free market. One in which the consumer has options on what type of mortgage they want and how much they are willing to pay. Sincerely, Michael Girard