

From: Kirsten M Szwed  
Subject: Reg Z - Truth in Lending

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Comments:

Date: Dec 21, 2009

Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages  
Document ID: R-1366  
Document Version: 1  
Release Date: 07/23/2009  
Name: Kirsten M Szwed  
Affiliation:  
Category of Affiliation:  
Address:

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

Comments:

Please do not go forward with the legislation as it is. It is only hurting the consumer. Trying to regulate how a loan officer is compensated will collapse the lending industry. One simplified example, If you require loan officers are to make a flat fee on every loan, yes, they will take the good credit, large deposit down client, but what incentive will there be to work with the people who need their expertise the most? What about that client a loan officer will have to work with for months, help them strengthen their credit, build up a down payment...etc. Why do more work for less money? This is really moot, as what a loan officer is paid has no bearing on the consumer's ability to shop the loan, the costs associated with it and the interest rate being offered. From the IMAAG: "If the real objective is to enable competitive, cost-based comparative shopping for the consumer, there are only two costs necessary to evaluate: First, is the front end cost associated with obtaining the loan, Second, is the interest rate and its derivative debt service cost over a particular period of time. (APR, in the context of mortgage loans, lost its usefulness in the 1970's when "discount" loans ceased to exist.) Nothing else is needed for a consumer to compare prices. To the extent that consumers decide which mortgage product meets their needs based on price, all of the other ostensibly "transparent" fully disclosed financial aspects of the transaction are moot. If one lender offers a \$250,000; 30 year fixed rate mortgage with total closing costs of \$5,000 at an interest rate of 5.00% and another offers the same mortgage with total closing costs of \$4000 at the same 5.00% rate, it does not require disclosures of originator compensation or APR to determine which loan "costs" less over any chosen time frame. Given the absolute front end costs, and the monthly payment derived from the loan terms, all the consumer needs to accurately compare and "shop" these loans is the element of time." If you pass this legislation as you propose, I foresee a complete collapse in lending. Hundreds of thousands of loan officers will leave the

market, and with them, millions of support staff will be laid off. Loan processors, closers, shippers, etc... And even when it does stabilize, it could take months to process and underwrite these loans. Please consider the solutions proposed rather than your sweeping legislation that will stop lending in its tracks.