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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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The proposed legislation is a classic example of politicians getting in the way of themselves. They do not understand the business and have made it more frustrating for the professionals in the industry and more confusing for the borrower. The industry has policed itself and compliance has never been better. The said proposal limits the choice for all consumers and increases the costs of closing a loan. All first time homebuyers (and repeat buyers) usually need to watch their cash flow, by eliminating a way we can structure a loan to reduce upfront closing costs, the borrower has to come to the table with more money. This is even more frustrating when you are trying to do a refinance transaction. Many buyers are willing to take a little higher rate to avoid upfront closing costs they have to bring to close a loan. For mortgage brokers, this put us at yet another serious disadvantage versus a bank. All lenders and banks make yield spread premiums on their loans. They just don't show it, but if they sell their loan they make a premium. There is no difference. Why else would they be in the mortgage business? They may not pay their loan officers that money but they use that money they make on the back as "bonus dollars" to incentivize a loan officer. I have worked for the big banks and many times a loan officer will do a loan at zero costs because the bank will pay them a bonus to get the deal done. A broker cannot do that unless we are allowed to structure a loan differently and offer zero origination. This is clearly a violation (of anti-trust?) and continues to push the broker out of the business by trying to create a monopoly within the banking industry. No broker or broker shop has ever collapsed the economy, only the banks with their lobbyist and their pressure on vendors to control the market. This in itself has made the market worse for the consumer. I think loan officer licensing is a fantastic thing and we have been pushing that for a long time. However, all loan officers and processors should be licensed and all able to compete on the same playing field. If you are an attorney or a physician, you need a license. It doesn't matter whether or not the professional works for a hospital, a firm, or self employed; they still need a license in good standing. Any loan professional regardless of who they work for should have to abide by the same standard. There can no longer be two different standards, that in itself is

part of the problem. The proposed legislation not only limits consumer choice and handcuffs our ability as professional to provide the best advice to our client; but it also affects the very nature of the society by penalizing the self employed professional trying to create a business for himself. Finance and Loan origination is a very personal transaction, many consumers do not want to feel like they have no options when it comes to their personal matters. The bank with their large deposits and their lobbyist have been greedy and selfish and expect the consumer to pay and one of the ways they are trying to do that is by eliminating the broker base. The consumer wants and needs options where they can compare apples to apples. The new GFE and proposed legislation does not do that. It is a classic political example of "legislation without thought of implementation". This continues to be over kill of legislation based on the subprime mortgage crisis that was initiated by wall street, horded by the banks, and now you are trying to get mortgage brokers and consumers to pay the price by eliminating competition and offering excessive papeprwork that does nothing but confuse the borrower and restricts fair practices by an independent professional. The next thing you know, all small buinseses will be eliminated and forced to work for big banks. Would you force all physicians to join a large group and only admit patients to certain hospitals and force patients to go there regardless of the implications? Would you require all attorneys to practice for a large firm and not go out on their on to try and realize the American Dream and build a buisness of their own? I ask, before any legislation is put into play, all politicians to sit down and truly understand this business and help the independent professional not be pushed out by big banks and make sure we all have to play by the same rules.