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Subject: Reg. Z

Comments:

Date: May 12, 2011

Proposal: Regulation Z; Truth in Lending
Document ID: R-1417
Document Version: 1
Release Date: 04/19/2011
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For the most part, this rule is reasonable. However, the 3% cap would be a serious mistake. Therefore, we can only support Alternative #2 (no 3% cap). The 3% cap would be bad for the consumer for two reasons: 1- It makes small loans less available. 2- It makes difficult loans unprofitable

SMALL LOANS:
Small loans, which I am defining as those under \$50,000, are already BARELY available at all. Limited fees to 3% will make that even less so. For example, for a \$30,000 loan, the 3% fee cap is only \$900. A typical underwriting charge is about \$700. a 1% origination fee would be \$300. If the loan is FHA, the up-front mortgage insurance premium would be an additional \$300. That's \$1500, which is already over by 100%. If the fees capped include ALL closing costs, you will see minimum loan amounts of \$100,000, taking loans away from millions of additional homeowners.

DIFFICULT LOANS
Some loans are much more time consuming to originate than others. For example, a refinance of a W2'd borrower with only 1 job and 1 home is much less work than originating a purchase of a property with two self-employed borrowers, each with several businesses and several properties. This is the profile of a typical investor. The typical investor also generally likes to buy less-expensive properties. This combination makes these loans already much less profitable. It is not uncommon for this sort of loan to take 6 times the amount of work/hours as a basic simple one.

MOST IMPORTANTLY: The problems this rule attempts to solve no longer exist. It is unnecessary regulation. Generally it would not cause harm, except for the 3% fee cap which would further harm the housing market and the consumer.