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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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Although I can see that this proposal has good intentions it will not translate well to practice or to real life. A separate agreement with each lender on YSP is ridiculous and a separate agreement that can be different for each broker will not fix the problem. Also, not allowing YSP and origination in the same transaction prohibits some of the options that could work best for the borrower. The majority of brokers who currently use YSP to their customer's advantage will find the complex process through which the Board requires brokers to defend and paper-trail their loan offerings too expensive and too risky. Because of all the precautions on the GFE that tell a consumer to shop and the need for the "exact" fees on the Good Faith Estimate, brokers are already driven by competition to give the consumer the best rate possible. The brokers don't need to have it forced upon them if the market is already requiring it. This good faith disclosure of personal compensation is well beyond that required of almost any other party to a business transaction in this country. If the retail loan officer was required to do the same, the consumer would be armed with all available information; there could be no secret retail overages. Also, the flat fee would not get rid of higher interest rates for borrowers, there is going to be a spread regardless and this will be more of a forced spread, not flexible one. The unscrupulous broker for whom these rules continue to be devised will use compensation agreements to their advantage without too much fear of the repercussions. I urge you not to pass this proposal. And as stated before, the new RESPA requirements are making it mandatory for full-disclosure up front so the consumer can shop. Those brokers who really care about the industry and the people they are trying to get loans for, like me and my company, are always going to try to do their best to do well for their borrowers and get referrals. Thank you for taking the time to read my comments Rebecca Glauser TrueCompass Lending Corp.