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Subject: Reg Z - Truth in Lending

Comments:

Public Comments on Truth in Lending:========

Title: Truth in Lending
FR Document Number: E9-18119
Legacy Document ID:
RIN: null
Publish Date: Wed Aug 26 00:00:00 EDT 2009
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This proposed rule change removes the independent mortgage broker''s principal function, which is to shop among several wholesale loan investors for the best deal. This is why mortgage brokers until recently maintained such a high market share, which proves their value to the consumer.

All loan scenarios are not created equal. Some lenders will pay more for loans meeting certain criteria. A broker is willing to work hard to develop a realtionship with numerous banks and mortgage investors, and to stay abreast of any changes. Standardized compensation based solely on loan amount will eliminate the lender''s ability to differentiate themselves, as well as the broker''s incentive to search for the best price, which will ultimately result in a higher rate for the consumer.

Tough loan scenarios will not get approved. We all know that salary-paid loan reps for various banks/retail mortgage companies have always shyed away from difficult transactions, which created a niche for mortgage brokers. The proposed rules will diminish the borker''s incentive to take on these loans and leave the consumer with no one to turn to. This will result in fewer home sales and extend the recovery process.

Consumers don''t care how much someone makes as long as they get a good deal on the products/services they seek. Obviously, the mortgage broker is more of a service provider like a doctor or dentist, wherein trust and technique are more of a factor. However, in a simple case involving a can of peas let''s say Safeway sells them for $1 (with 20 cents profit) and Walmart sells them for 75 cents (with 25 cents profit). Most conumers will buy them at Walmart with no regard to whether they are making a profit or not. However, several will go to Safeway if it''s right around the corner.

It''s really all about competitive choices and free enterprise is the only way to keep it that way.