

From: Jack Hale
Subject: Reg Z - Truth in Lending

Comments:

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The proposed banning of Yield Spread premium is unfair to Mortgage Brokers. This practice needs regulation not banning. Banks can charge what ever rate they wish with no regulation. If they charge one customer a higher rate than another, this is effectively collecting a yield spread premium only its called extra profit(good business practices.) Mortgage Brokers earn commission in two places. one is in Origination fees charged on the front end of the loan and paid by the borrower. The other is in yield spread premiums paid by the lender. In many cases the borrower is unable/unwilling to pay the origination fee and the only way a mortgage broker can get paid is with the yeild spread premium. Many borrowers want no closing cost loans. Yield spread premiums make this scenerio possible by being used to cover the closing cost. Yield spread premiums are paid in other financial transactions. I know auto dealers collect yield spread premiums on auto financing. Are you going to ban other lending practices from collecting YSPs on their transactions?