

Date: Dec 20, 2007

Proposal: Regulation Z - Truth in Lending

Document ID: R-1305

Document Version: 1

Version:

Release Date: 12/18/2007

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Comments:

Proposed changes to Reg. Z - Truth in Lending (R-1305) The disclosure of Yield Spread Premium needs to be updated at ALL levels of lending. Why is the Fed singling out Mortgage Brokers and not Mortgage Bankers and Lenders? Your provision would make it a legitimate act for a bank or lender to surcharge a clients interest rate without further disclosure, which is a very common practice. Their compensation is known as a Service Release Premium at the correspondent lending level, and is not required to be disclosed. Why is this not a target for the revisions as well? Any bill or proposal that would eliminate YSP would also eliminate competition and viable lending sources for consumers. If you eliminate how brokers are compensated, then you are eliminating sources of new loans for lenders, furthering the issues presently occurring in our markets. If there were only one interest rate, and only one client characteristic, then YSP should be eliminated. Further restrictions on YSP will make the cost of homeownership more expensive, as more up front fees will be charged by lenders and brokers. Certain loans have certain adjustments to the interest rates and fees as set by Fannie Mae and Freddie Mac. In most cases, the YSP is used to cover these costs. Requiring the consumer to cover these costs will give witness to less people being able to qualify or afford a new home. I agree that an upfront disclosure of YSP is essential, but prior to an application being submitted? How can any know what a person will qualify for without first seeing their income, credit, and assets? Without first knowing what you have, you have to state what your fees will be, when the majority of fees are at the lender level in the form of price and rate adjustments? The Fed needs to sit down with members of the lending community prior to making such drastic changes to policy. The changes to the disclosing of the YSP up front does not take into consideration the actual process of applying for and being approved for financing. I applaud all other proposed changes, but your YSP revisions needs to be given much more thought, AND be applied to all lending sectors, not

just mortgage brokers.