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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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Comments:

The proposed regulation to eliminate or restrict yield spread premiums paid to mortgage brokers will hurt consumers. Brokers are popular with consumers as brokers have recently originated 2/3rds of all mortgage loans - and consumers have choices! The ysp enables "no point" and "no point/no fee" refinance loans which have benefited many consumers nationally. Without the ysp, the broker can no longer cover loan costs for the consumer. As an independent California DRE licensed broker, I always provide clients with transparent pricing and options. Many consumers opt for a slightly higher interest rate with a redirection by the broker of some of the ysp to pay loan costs. Also, many clients prefer a lender paid commission or compensation to the broker to eliminate out of pocket payment of origination fees or points. With banks and mortgage banks till able to pay their employees commission and wages within the structure of the interest rate, and brokers unable to earn compensation via ysp in the exact same manner, brokers will be disadvantaged and may go out of business. This will impact the consumer negatively by reducing competition. It surely is an uneven playing field that the Federal Reserve is considering to create. The real controls or keys are licensing requirements and disclosure. Not the current structure of YSP upheld by HUD for a decade or more, and well understood by the consumer