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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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The proposed Flat fee paid by a bank to a TPO (third party originator) such as my firm would put me, and the few left honest mortgage brokers out of business. We use our YSP (yeild spread premium) to be more competitve than the large box banks. As an example, a client with a 300,000 dollar loan applies for a 30 year fixed rate with Bank of America, they get a rate of 5.125% with 1 point and no cost (so their acutal cost is \$3000) we would write that same loan using our YSP (1.5% of the loan or \$4500) to pay all the clients cost (typically \$2500) and still profit \$2000. So if the client chooses our firm, their cost on a 300,000 dollar mortgage would be ZERO, instead of \$3000 with Bank of america for the same rate on a 30 year fixed mortgage!!! Take away our YSP and we will cease to exisist since that YSP gives us the edge to have a lower fee schedule than the banks. It costs my firm \$1000 per loan to originate and fund a deal not including the loan officer salery, so if we can't make \$2000-\$3000 per transaction plus a processing fee, we would loose money originating mortgages, and we would have to shut down our shop. Please read this and take it to heart that the mortgage brokers that are still in business are not the same mortgage brokers that caused the mess, we are the professionals that stayed in the industry even when it was not profitable, to help our clients obtain the lowest possible rate/fee structure on their new mortgage loans. Thank you for taking the time to read my comment post, and feel free to contact me I would be happy to share personal experiences with you. PS- 90% of clients applying for a refinance in Michigan have no equity so they are not qualifying for a refinance, more needs to be done to address this, or more people will simply walk away from their homes since they feel the system has failed them.