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Subject: Reg Z - Truth in Lending

Comments:

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I am writing to voice my concern and opinion on the proposed legislation that will eliminate YSP as a form of compensation to mortgage brokers. First, the elimination of YSP will drastically reduce competition and increase costs for the consumer. YSP is often used as a tool to pay certain, if not most, closing costs for the borrower. The removal of YSP as an option for the broker to earn compensation will cause the broker to charge a higher fee or to get out of the business entirely. The over regulation of this industry, due to bad players who are likely gone already and exotic loans which no longer exist, is going to continue to punish the consumer and prevent the housing market from recovering. Secondly, there will be fewer consumer choices if YSP is eliminated. I have personally done hundreds of loans where I explained to the consumer that paying closing costs with a lower rate is not the right financial plan for that particular borrower based on their financial goals. I was able to do this because YSP allowed me to offer a competitive rate yet reduce or eliminate closing costs for the consumer. This will no longer be an option for the consumer if YSP is eliminated. And, thirdly, if YSP is eliminated there will be increased risk of steering the client by unethical brokers. These brokers will look for the lender who pays the highest compensation whether or not the terms of the loan are in the best interest of the consumer. If the government would simply get out of the business of regulating what someone can earn we would all be better off. I am glad that sub-prime loans, option ARMs and loans with punitive prepayment penalties are gone! They never should have been available in the first place. Those are the loans that lined the pockets of the unscrupulous broker and the government turned a blind eye. Now the government wants to limit and control what an honest business person can earn? Where does this intrusion end? Please take a close look at the total impact of removing YSP as a means of broker compensation. By the way, why isn't this same proposed restriction to compensation being applied

to retail banks and their ability to charge overage without disclosure, which is the same things as YSP? And why aren't retail banks required to disclose SRP, Service Release Premium? I know of no one who can answer those questions. Thank you.