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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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To whom it may concern, In regards to the proposed elimination of the yield spread premium (YSP) option for consumers, I wish to express my strongest concern against this legislation. A borrower will not have the option to choose a loan program that does not add fees and points to the balance to their mortgage. In a purchase situation, the borrower will also have to pay more for a mortgage because they do not have the option for a zero point loan program if you eliminate the availability for a YSP to cover the loan costs. I have been in the mortgage lending business for almost 30 years and I have seen that if you want to eliminate those who are taking advantage of borrowers, then you need to enforce the existing laws and prosecute lenders who break the current laws. We have in place clear disclosures and restrictions for the costs of borrowing funds for various loan programs. We also have restrictions on the amount of compensation for each loan with such legislation as Section 32 provisions. To continue to layer additional laws and eliminate entire programs will not offer competitive choices for the consumer. If a lender must always charge fees and points for a loan, then the consumer will always pay more for their loan, which is often added to the balance of the mortgage. If the property has limited equity, then adding loan fees to the new mortgage will not be an option, and the borrower will either have to pay for the fees from their own funds, or they will not be able to obtain financing. This will continue to restrict the market and cause a further reduction of those who will be able to own a property. I do not believe that is the intended consequence of this legislation. Please contact those of us who are in the business and are trying to keep it competitive and beneficial to the consumer. I would be glad to discuss this in greater detail either in person or in writing. Thank you for your consideration. Daniel Wood, Business West Mortgage