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Subject: Reg Z - Truth in Lending

Comments:

Date: Dec 04, 2009

Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
Document ID: R-1366
Document Version: 1
Release Date: 07/23/2009
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The elimination of YSP will result in borrowers having limited options on closing costs. YSP allows mortgage brokers to collect compensation from lenders as opposed from borrowers. On the average loan size of 225K this would require the borrower to bring an additional \$4500 to closing if a 2% fee is being charged. This along with normal closing fees and escrows can make the required cash to close prohibitive for many first time borrowers. The option for many borrowers is to have the broker be compensated by the lender, which can be very attractive for cash strapped first time borrowers. Although resulting in a higher interest rate this can be offset by the savings at the closing table. Borrowers now have the choice on this and by eliminating any financing or closing cost options only continues to make homeownership process a more cumbersome process. We have seen many borrowers choose the option of our compensation to come from the lender and take the money that they have saved and actually apply that to reduce their loan amount. YSP elimination will only cost consumers.