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Subject: Reg Z - Truth in Lending

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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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Comments:

The government can regulate but not interfere the natural way of doing business between private parties. It is really not government's responsibility to get into fee details of home mortgage industry. The competition in the market place should keep the fee system in a reasonable level which should be fare to all the party involved. I have not heard any of my clients complain about the YSP. All their complains focus on the piles of the un-necessary paper work as a result of tones of regulations rules that they do not understand and they do not have time to study. Changing the YSP system will only add on the mountain of paper work to consumers and brokers. We as brokers, will spend a lot of time to understand and to educate our clients on these government requirements instead of get them the mortgage. This will also complicate the broker's relationship with banks and which will significantly reduce the competitiveness of small mortgage brokers compare to the larger broker firms.

One point to against YSP claims: "When loan originators receive compensation based on a transaction's terms and conditions, they have an incentive to provide consumers loans with higher interest rates or other less favorable terms. Yield spread premiums, therefore, present a significant risk of economic injury to consumers. Currently, such injury is common because consumers typically are not aware of the practice or do not understand its implications and cannot effectively negotiate its use." This is not what I have seen on the market place. I have educated my clients how the fee system works. It is the competition between brokers that keeps the situation in check. If one broker gives higher rate than the other, the client will for sure use the one who give the low rate. In any case, I do not have time to study the details new proposal to get rid of YSP. If this YSP is a natural evolution of the fee system out of many years of practice of the private sectors, please let it be. The educated consumers are keeping the system in check. If the consumers do

not check their own well being, any regulation is in vain. This has contributed partly to the current foreclosure crisis.