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Comments:

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Abolishing yield spread premiums (YSP) will essentially amount to the death of mortgage broker industry. I know brokers have been blamed for much of the mortgage melt-down, but taking away a mechanism that has helped save consumers money is not the way to respond. Unscrupulous people will always find a way to abuse a system, and YSP has been a tool used by many of these people. But what YSP does allow is to keep upfront mortgage costs lower, which benefits the vast number of borrowers in the market. If YSP is taken away, borrowers will only be able to work with banks to keep costs lower, which takes away the competitiveness of the market place. Overall costs to consumers will invariably increase. Even with all the bad press, why is it that consumers still prefer to work with brokers? The market doesn't/can't lie in this case.