

From: Larry Morris
Subject: Reg Z - Truth in Lending

Comments:

I am a mortgage professional with over 30 yrs in the business. The proposals in Docket # R-1366 which would eliminate YSP (yield spread premium) would dramatically harm the consumer and be inflationary to home prices. Since the introduction of this pricing feature in the late 1980's I would say that nearly 75% of my customers have chosen mortgage loan rates/pricing that include YSP. This has allowed them to pay a lower loan fee in closing or none at all. To new home buyers with little money for down payment and closing costs, eliminating YSP will put the burden on the home seller to pay some or all closing costs and building that expense into a higher sales price, driving prices higher. I always show my customers their options to choose from lower rates with more cost or a slightly higher rate with lower costs up front, so they may choose what's best for them. Bankers have for years had this option, without disclosing to the borrower how much compensation they receive, while Mortgage brokers have for years been required to disclose specifically what fees are paid to them, including YSP. I am in favor of this full disclosure, but this requirement should apply to all types of originators and lenders. Thank you, Larry Morris 360-253-1646