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Subject: Reg Z - Truth in Lending - HELOCs

Comments:

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Proposal: Regulation Z - Truth in Lending - Home-Equity Lines of Credit (HELOC)

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HOW the new GFE and HUD 1 Affect this proposal R-1366 & R-1367 My comment is regarding proposed elimination of Yield Spread Premiums. The new changes to the HUD One and GFE should be given a chance to work before we pass additional harmful regulation. Yield spread premiums are a significant benefit and provide options to the consumer. By financing the various costs associated with the transaction, consumers can greatly reduce the up front costs associated with these transactions. The addition of Risk based pricing and those additional costs, YSP has become even more important and beneficial. The reasons that they were considered harmful to consumers have been disputed and recorded in great detail. The reality is the abuses we want to curb have almost all been eliminated from the marketplace through the efficiency of the marketplace. The goal of making sure they do not return is most certainly going to be achieved through many of the new regulations passed this year, ie: "Higher-Priced Mortgage Loans" (HPML). The Federal Reserve recently issued these rules as amendments to Reg Z and were subsequently adopted under Reg C and HOEPA. Although this regulation was designed to eliminate the return of sub-prime loans, it also effectively limits the compensation that can be paid to a mortgage originator regardless of the loan type. The new RESPA changes that require Mortgage Brokers to fully disclose the secondary market relationship, and the Yield spread premiums reflected as a borrower credit, there is no reason to YSP, and the benefits they provide to the consumer. See my previous long version comments on this issue for thorough detail and examples of how this benefits the consumer, the housing market and the financial system. Paul Skeens Owner President Colonial Mortgage Group