

From: West Horizon Financial, Inc., Cristie Champlin
Subject: Reg Z - Truth in Lending

Comments:

To Whom It May Concern:

As a Licensed Mortgage Originator in Washington State, I rely on Yield Spread Premiums to help my clients "offset" loan costs. Approximately 90% of all the loans I originate are closed with a Yield Spread Premium paid to my company. This Yield Spread has been FULLY disclosed for several years, prior to the "enforcement" through legislation. At the beginning of the loan process, I disclose what my income will be. That fee does not change up to the day of closing. The reason I price loans this way, is to offer my clients low cost loan options. Many people do not want to pay for a "Mortgage Broker Fee" or "Lender Discount Fee". It increases the cost of the loan overall, even though the loan may have a lower rate. It is just how the pricing models work through Wholesale Lending. Retail Banks, make a "profit margin"...they just do not need to disclose it at this point. By receiving a Yield Spread Premium, the rate my customers choose may be slightly higher than one with a "Mortgage Broker Fee" I always offer several detailed options for my clients so they can have a choice, and can make a decision on what is best for their particular financial situation.

Eliminating Yield Spread Premiums will only limit what choices the consumer has for obtaining a mortgage. The regulations that have been enforced over the last year and a half, ensure full disclosure of fees. The new Good Faith Estimate effective January 1, 2010, will further help clarify how income is paid to brokers. Elimination of Yield Spread Premiums will only make getting a loan that much more difficult for borrowers who do not have as much cash to close. Yield Spread Premiums serve a purpose - Choice for the consumer, to help lower loan costs.

Subprime loans are a thing of the past. They are simply not available. Products like the "Pay Option Arm", are not available, nor should they be. Those types of loans that offered Yield Spread Premiums and exorbitant rates were abused by the MINORITY of brokers. The abuse happened because the lenders OFFERED those programs and actually paid more money to brokers for loans that had pre-payment penalties and higher margins on adjustable rate loans. All HISTORY...lenders do not have those programs, so the consumer is protected because the programs promoting this type of abuse are no longer available.

Good Mortgage Brokers, help their clients by offering low cost competitive options and great service. Please don't take that away.

Thank You.

Cristie Champlin
Loan Originator

West Horizon Financial, Inc.