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Subject: Reg Z - Truth in Lending

Comments:

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I have been one of the honest and ethical mortgage originators working in mortgage banking and brokering since the mid '80s and have seen all types of markets and regulations come and go. We have used YSP to help low-income, entry-level borrowers for years by eliminating closing credits through YSP. To say that YSP in and of itself is inherently a bad thing for borrowers is short sighted and ludicrous. It is the ABUSE of YSP by unscrupulous brokers and bankers that injures borrowers! Eliminating YSP reduces options for borrowers to choose pricing and lower costs. Closing costs for some borrowers with small loans would be so high that lenders will be discouraged from, if not unable, to lend to them. Low income borrowers who can only qualify for small loans would be priced out of the market or severely penalized by high costs as "flat fee" type costs are so much higher as a percentage of the loan amount for these borrowers. No cost loans using YSP to pay for closing costs would be nearly impossible to provide making borrower closing costs dramatically higher. This eliminates rate/price flexibility and many first-time buyers would be excluded due to extremely high closing costs. If you want to REALLY injure low income and first time home buyers, this will be a perfect way to do so and you will effectively postpone our housing and economical recovery for who knows how long!