

From: Dennis Weipert
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Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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Name: Dennis Weipert
Affiliation:
Category of Affiliation:
Address:
City:
State:
Country:
Zip:
PostalCode:

Comments:

Eliminating YSP will make it impossible for consumers to receive a "no points" loan and it certainly would make it impossible for them to have all or part of their closing costs paid for by their broker. My clients knowingly opt for it all the time when presented the choice (which they always are). Hardly any of them ever want to pay points for a lower rate - especially on a refinance. Eliminating YSP will, in many instances, harm those you are purportedly interested in "protecting". For example, I just closed a loan the other night here in Herndon where I was able to close my client's loan without charging them any points and I paid for all of their closing costs out of the YSP. They were able to get a 4.375% 5/1 ARM with no points or closing costs. It was a perfect product for them because they are going to move in 2 or 3 years. They would not have been able to recoup their costs in that time frame had they paid points or costs for a somewhat lower rate. They were thrilled. It was also the 3rd or 4th time they have used my services. The YSP on that loan was 1.5 points. Closing costs were about a point and I netted a 1/2 point commission. Hardly rapacious. I have done hundreds of similar loans for my clients over the years and they keep coming back for more. I haven't spent a penny in advertising in years. Virtually 100% of my business is repeat business or referrals and a lot of it is attributable to creative and judicious use of YSP for the client's benefit. Feel free to call me if you like to discuss this further or if I can be of service. Basically, I think you guys do pretty good work - but you're either flat wrong or don't understand YSP. Properly disclosed, discussed and utilized it is a powerful tool to aid the client.