From: Matthew C Thompson

Subject: Reg Z - Truth in Lending

Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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I am in my first year as a loan officer. I fully disclose (and clearly explain) all the costs to the borrower, including the YSP and the APR. I consistently beat all banks and credit unions on both the rate I offer and the APR. The YSP is the buffer I use to manage risk. A recent example is I had to switch lenders from one that only did conventional loans to one that did FHA loans, because the original appraisal came in for less than we anticipated. Appraisals do not transfer between lenders, so it was requisite to order a second appraisal for my client. Instead of passing this cost on to the client I was able to pay for it out of the YSP. Eliminating the YSP will not reduce my risk so I will have to pass it on to my clients by raising the "origination fee." This will increase the already unfair advantage given to banks and credit unions as they will continue to collect an "YSP" while not having to disclose it to customers. Eliminating the YSP will not make consumers savvier on the lending process. It will only put more risk into the wholesale mortgage system, and therefore higher fees and costs to consumers. If "steering" is occurring in the wholesale market, the lenders are "steering" loan officers to rates that are still at least an eighth to a quarter percent better than what is offered by banks and credit unions. I appreciate most of the changes proposed by the board, however, eliminating the YSP will result in the unintended consequences of more risk and stretch the already unfair advantage of banks and credit unions as explained above. Sincerely, Matt Thompson