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Subject: Reg Z - Truth in Lending

Comments:

Date: Sep 23, 2009

Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
Document ID: R-1366
Document Version: 1
Release Date: 07/23/2009
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Why does the proposed rule target the Yield Spread Premium (YSP) with no mention of the Service Release Premiums (SRP)? Currently, there is only one real difference between mortgage brokers and mortgage lenders: Mortgage brokers must disclose to the consumer the YSP (how much money they are making on the mortgage). Mortgage lenders are NOT required to disclose to the consumer the SRP (how much money they are making on the mortgage). Let's be clear on this: Mortgage lenders do not have to disclose how much money they are making on a loan while mortgage brokers have to disclose what they are making. For mortgage bankers, lenders, credit unions, bankers their YSP is called a Service Release Premium or SRP. While the YSP is paid to a broker by the lender indirectly AT THE TIME OF CLOSING, the SRP is paid indirectly to the lender AFTER CLOSING. So again, why is it only the YSP that is being targeted? The interest rate for a consumer incorporates both the YSP and the SRP. The existence of the YSP allows mortgage brokers to compete with mortgage lenders on an even playing field. Elimination of the YSP will effectively drive mortgage brokers out of business, thereby reducing competition and will hurt, not help, consumers.