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Subject: Reg Z - Truth in Lending

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Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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Comments:

Yield Spread Premiums are not a kick back , but rather a legitimate pricing option for the consumer. This is evident with pricing comparisons between a bank offering and what brokers offer daily. At the same interest rate, wholesale lenders offer premium pricing, which is disclosed to the consumer. The bank, which does not disclose premiums it receives, will make this premium plus the same market spread that the wholesale lender is making when offering the loan through the mortgage broker. The bank is making the same premium that this regulation would restrict from the broker. The lender paid premium is a legitimate part of the retail income, over the market spread for the debt servicing. If there are concerns about lender premium abuse, then there are other options available to address this and wholesale lenders I work with already limit broker income (including ysp and origination) to an average of 3.5%. This rule is an all out federal govt. assault on the Mortgage Broker,Loan Originator, and Small Business. It is clear through comments by Barney Frank and others that the pressure from our elected officials to find a scape goat in the mortgage debacle has effected the Federal Reserve Boards decision making and desire to clearly understand what the ugly ramifications of a rule such as this would have on consumer choice and market competition. It is imperative that loan originators be allowed to receive payments from borrowers as well as yield spread premium because this gives the loan originator the flexibility to tailor a loan that is truly in the borrowers best interest.