

From: Sue Schoney
Subject: Reg Z - Truth in Lending

Comments:

Date: Sep 29, 2009

Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
Document ID: R-1366
Document Version: 1
Release Date: 07/23/2009
Name: Sue Schoney
Affiliation:
Category of Affiliation:
Address:
City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

As a small business owner of a mortgage brokerage I can tell you that eliminating the YSP on brokered loans will put every mortgage broker out of business. It will completely eradicate the industry leaving only the banks and a small percentage of wholesale lenders that have retail shops. Any wholesalers that don't have retail will also be out of business. How does eliminating this competition help the borrower? There is really no way to steer the borrowers into higher rates strictly for the broker's profit. There is just too much competition out there to do that. I have to compete every day with what other companies quote. If I am not competitive I lose the deal. If all that is left are the banks and they are not required to disclose their YSP then they can charge whatever rate they want. If all the banks charge the same high rate they make a great profit but I don't see how this will protect the consumer. This will most definitely hurt the consumer. The next problem that comes with this is that there are price adjustments associated with many of the programs out there. Price hits for non-owner occupied properties, cash out, fico scores and loan to values. The way so many of these fees are paid now is by the YSP. If the YSP is taken away these fees will have to be paid for by the borrower. In these tough economic times it is hard enough for borrowers to get enough money together for a down payment. They don't need the added expense of additional points over and above their regular closing costs. Many borrowers want a no-fee loan. Eliminating the YSP will eliminate this option. With lower values and short sales, the sellers don't always have the ability to pay the borrower's closing costs and this is an option that needs to remain in order to help pay the borrowers costs. Most deals that close today are just not the cookie-cutter type of loan. Banks only deal with cookie-cutter loans so that means a lot of people out there that actually could qualify for loans will not be able to because who will process their loans? Certainly not the banks. Brokers are the ones that work hard to put the tough deals together. This will just continue to hurt the housing market. Eliminating the mortgage broker industry by

eliminating the YPS (which will most surely happen) will not solve problems with the housing market since it is not the brokers fault. Everyone in the mortgage industry including the government (starting with the Clinton Administration), banks, wholesale lenders, Wall Street, title companies, realtors, appraisers and let's not forget the borrowers themselves had a hand in what has happened and is still happening. If lenders didn't want the risky programs sold to consumers they shouldn't have put them out there for the brokers to sell. It is not one particular aspect of this industry which is at fault and eliminating the YSP which will surely eliminate ALL mortgage brokers will only add to the current crisis we all find ourselves in.