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Subject: Reg Z - Truth in Lending

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Comments:

Date: Oct 05, 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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One question I also have is this. Who benefits from the proposed mandate for dissolving of yield spread premiums under the Mortgage Reform and Anti-Predatory Lending Act? The consumer? No. The major banks. Why? It's as simple as this. The rules don't apply to them. Banks are, however, paid the same as a yield spread premium in the form of a service release premium which very few consumers know exist and certainly do not understand. As not to misinterpret a service release premium, it is income paid to a bank when they sell a mortgage with a "higher than par rate" into the secondary market. This sounds identical to a yield spread premium because it is income derived from increasing the consumer's rate but is sadly different in how it is paid, which, is largely a legal distinction to avoid disclosure of the income to mortgage applicants. In all, the real difference is this, yield spread premiums are paid to the broker at closing and disclosed on the HUD1, while the service release premium is paid to the bank after the closing when they bundle up loans and sell them into the secondary market. Furthermore, the banks do not have to disclose service release premiums at all. I thought the Mortgage Reform and Anti-Predatory Lending Act was an attempt to protect consumers from hidden fees and undisclosed premiums which the current Administration indicated resulted in greed. Additionally, Yield Spread Premiums have historically helped borrowers by allowing the lender to reduce already increasing closing costs. In contrast I have never heard of a service release premium distributed from a bank to a consumer? Jeff Evans, Colonial Mortgage, LLC