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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 opposed to the outright ban on Yield Spread Premium. A mortgage broker must have the ability to be compensated for their work to provide mortgages to consumers. As the FRB is well aware, the mortgage process is complicated for both the lender and borrower, and in many cases needs a well trained mortgage professional to assemble mortgage package that benefits the borrower. My experience with dealing directly with banks is simply that those institutions spend too little money compensating and training mortgage loan officers and their lack of knowledge is obvious. Brokers offer the programs and services of many banks, which offers accessibility for borrowers, allowing them to do paperwork once and have the benefits of many different banks and guidelines. YSP becomes more useful for borrowers as a method of payment to brokers when they want to take advantage of lower rates, but cannot afford to compensate the broker out of pocket or lack the equity to roll broker compensation and the other costs into the transaction. Maybe a better control over YSP is to limit the amount a loan can be "bought up", possibly no more than 50bps to the rate the borrower qualifies and no more than 25 of the loan amount. YSP is a worthwhile tool for the benefit of not only brokers, but the borrowers they serve.