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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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The days of "steering" borrowers toward exotic mortgages because of high yield spread premiums paid by the lender are over. It was an abused and unjust practice committed by many in the industry that lacked professionalism and integrity. These loan programs that allowed for this, that were created and pushed by "Big Banks" and Wall Street have been eliminated from the loan options now available to the industry. Free markets have already regulated the mortgage industry. "Toxic" mortgages and the originators and banks that pushed those products with sophisticated terms and prepayment penalties have been forced out of the industry. Yield spread premiums have always been used by good professionals in this industry as a means of offering the consumer options. I think that everyone can agree that a loan originator should be paid a fee for services rendered. Real estate agents have set an industry standard of 3%-6% per transaction, whereas loan officers now try to squeak out 1%-2% commission per transaction. YSP allows us to earn that fee from the lender, not the consumer. Through elimination of YSP, the loan officer will have to charge those fees to the borrower, vs. having the option of offering low or no closing costs loans. Also, it is imperative that if such a proposal goes into affect, as unfortunate as that will be, that it effects brokers, bankers, and banks. We all have a roll. As a broker, we have the ability to shop for the best product and rate for the consumer. Even today, I (as a broker / banker) am able to offer much lower rates and fees than the "Big Banks" and most bankers because of OPTIONS. Please reconsider your current stance on YSP. What you are trying to accomplish has already been done by the industry. Remember was free market means. Over regulation will not only cost the industry, but most importantly, the consumer by reducing competition and options. I have been in the mortgage industry since 2001. I am currently a licensed mortgage banker in the state of Arizona. I am the Vice President of the AAMB (Central) and on the education board.