

From: Regency Mortgage Corp, Quentin Keefe
Subject: Reg Z - Truth in Lending

Comments:

I am writing to comment on the proposal to prohibit Yield Spread Premiums as a mechanism for compensation to loan originators and mortgage brokers. Much of what is in the proposal is true, meaning that Yield Spread Premiums (YSP's) have and can be used solely to increase the compensation to the originator and/or mortgage broker at the detriment of the borrowing consumer. The practice has been abused time and time again, and should be regulated to ensure the consumer a fair and equitable transaction that is transparent and easily shopped. With that said, I am doubtful that a flat fee of some kind is the answer. YSP's in and of themselves are not bad, it is the originator who can be bad. Our industry has finally, I believe, learned it's lesson. With the creation of the Nationwide Mortgage Licensing System, companies as well as individual originators now have to be licensed. Originators must have so many credit hours of education, of which ethics is a requirement. Each originator must

also pass a written national exam and a state exam for every state in which they wish to originate loans. The Home Valuation Code of Conduct has removed the possibility of appraisal fraud or even the hint of any undue influence an originator might exercise over a property appraiser. And, the recent TILA changes under the Mortgage Disclosure Improvement Act, do not allow for last minute changes that negatively affect the cost of a loan to a consumer without re-disclosure and a 3 day waiting period so that the consumer has time to review the changes and make an informed and deliberate decision regarding them. It is my belief that all of these things are already having the desired impact on the mortgage industry that we all desire. To change the way a loan originator or broker gets compensated without requiring the same from the banks will only create an uneven playing field and will result in higher loan costs to the consumer. We need to keep a competitive marketplace, a marketplace with real choice so the home buying public can shop and negotiate for the best interest rate and terms.

I would suggest that instead of eliminating YSP, to simply cap the amount a mortgage originator or broker can make on any one loan to 3 - 4%. This cap would apply to total compensation, meaning points and/or YSP. Not only does this make good sense, it would be much easier to implement and enforce.

Thank you,

Quentin W. Keefe
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