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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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A very troubling section of this reg is the basic banning of the payment of "Yield Spread Premiums" (YSP). This alone will force thousands of lenders to close. A few facts to consider: 1) A lender can not be profitable on a 1% origination fee alone. See the MBA of America study(bit.ly/19FuPm) This study shows the average mortgage banker which has economies of scale smaller brokers don't, only earned \$184 per loan after income from marketing gains, warehouse spread, etc. 2) For years the brokers have had to disclose their YSP which gave banks and large mortgage companies a distinct advantage. Even with the advantage they could not out produce the brokers. Some years the brokers had as high as 65% of all originations. 3) I think it is safe to assume small brokers are not smarter than the big banks, maybe more nimble and able to change course more quickly but not able to make more money on a deal than a bank. If "back-end" fees are so bad for the consumer why are banks and mortgage companies allowed to earn them, not disclose them, and not have to worry about this reg taking it away from them? 4) Why if I quote 5.00% and no points and my local banks and mortgage companies quote the same rate and fees should I not be able to collect a YSP? The banks are earning other fees they don't have to disclose. We are able to compete with the same or better rates for the consumer without additional costs to the consumer. 5) Please look at this regulation from a common sense approach and you will see you are penalizing only one segment of the industry and ultimately the consumer. Thank you for your consideration. Wayne Thompson