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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 fact that removing YSP from being a viable way for Lenders and broker to receive compensation for the time and efforts for a home loan will cripple the mortgage Broker and Wholesale industry even farther. HVCC has eliminated about 25% of all viable loans by making the Appraisal industry not based on performance and hard work. This will make the Mortgage Wholesale industry the same. ALL Retail Lenders (Wells Fargo, Bank of America, Chase, etc.) currently offer compensation to the loan officer, Branch, or supervisor based on the rate and loan amount of a loan. If you do not believe me just ask any branch manager why there is EVER more that one rate for 30 year loans and 15 year loans on a rate sheet???? This is compensation called SRP (Service Release Premium). Many Large banks pay it whether the ever RELEASE the SERVICING on a closed loan or not. These large banks paying SRP do exactly the same thing as their wholesale departments in paying YSP (Yield Spread Premium). Yield Spread Premium allows for a competitive market place for American Consumer to SHOP and make the best loan decision for them. YSP and SRP allow Mortgage Brokers and Lenders to offer different ways to pay for the 2% to 3%(estimate based on loan amount) in total fees and costs that a mortgage loan requires SOMEONE to pay to be paid by the customer(out of pocket or financed) or paid by the lender(through YSP or SRP). I recently closed several loans this year that I would not have been able to complete for my borrowers if not for this YSP. I used the YSP to pay the costs and fees associated with a loan and in turn kept the borrowers loan to value from exceeding a ratio that would have killed the loan. Many lender guidelines have tightened and just going from 80% to 81% would make many of my loans not cost effective for my borrowers and in turn costs the TENS of THOUSANDS over the life of their loans. On many of these loans my customers went to retail offices of big banks and were denied, but I was the better lender and had the expertise and competitive pricing that allowed for them to get the best loan for their situation and allow them to

keep their home from foreclosure. You will hurt the industry in ways that will put many homeowners on the street and it will make many in the industry become unemployed. Removing YSP will remove the Freedoms we have as loan officers in America to be competitive with the large banks. Is that what America is becoming a country where the Big Banks and the government are the only thing that matters. I hope not. I hope the Freedom to actually compete is not the result of this Asinine Legislation.