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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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Comments:

Eliminating yield spread premiums will also eliminate no-cost mortgages. For borrowers who have little or no equity, the lenders ability to pay their closing costs out of YSP's allows many to refinance that otherwise would not be able to. Also, potential homebuyers would lose the ability to purchase a home if they don't have sufficient funds to pay all their closing costs. The demise of down payment assistance programs has limited the number of families who can afford to buy a home. All their cash has to go to the down payment. If lenders cannot pay some or all of their closing costs from YSP's, then they are effectively eliminated from the home buying market.

Is this what you intended? I think not. Saying that all lenders "steer" borrowers to high priced mortgages in order to earn higher YSP is untrue and misrepresents those of us who often use YSP to assist the home owner/buyer when they don't have sufficient funds to complete a transaction. Not all mortgage lenders and brokers are unscrupulous. Please do not throw out the baby with the bath water in making blanket rules to purportedly protect the consumer. You've already screwed up enough with MDIA that has created major problems for the consumer, most of whom are unaware of these changes and the cost associated with them. Longer lock periods are now necessary to meet these requirements, resulting in higher priced loans to the consumer. This is not what you intended either, but that is the result. Your failure to research the result of these rule changes has had a deleterious impact on the borrowing community - not the opposite. RESPA disclosures were already required well in advance of any closing AND YSP's have been disclosed for some long time now - except, of course, by banks - who appear to be exempt from disclosing anything that might relate to profit. And calling a YSP by any other name is utter nonsense. Many banks state that YSP's are Service Release Premiums! Who are they kidding?

Certainly not me. By creating this longer waiting period through MDIA,

borrowers can no longer take advantage of low rates because they have to lock for 45 to 60 days - and we all know that longer lock periods cost more! Do your homework. Also, the amount of YSP (and including total other fees) that any lender can earn on a loan is already limited to 3% - 5% in most states. Why are you trying to tell us that we can't make a living? Who tells you how much money you can earn? If I had your government salaries, I wouldn't need to work at all. At age 66, having been a mortgage broker for 30 years, I would love to retire. However, all the YSP's I've ever collected won't allow that and I am still plugging away trying to help people buy a home or refinance into a better loan.

The elimination of YSP's will further limit the ability of mortgage brokers to earn a living, thus further reducing the consumer's choices. Is it your intention to allow only banks to make mortgage loans? If so, 80% of those seeking to purchase a home or refinance, will end up on the scrap heap. Once declined, banks are unwilling to work as hard as a mortgage broker to get the loan done. I have worked with borrowers for months and months trying to get them ready to buy a home. Haven't I earned my fee? None of my borrowers have ever complained and none ever will, since I don't gouge them with higher rates simply to line my own pocket. Please take into consideration all of the above factors before passing these changes.