

From: Norman Phillips
Subject: Reg Z - Truth in Lending

Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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Name: Norman Phillips
Affiliation:
Category of Affiliation:
Address:

City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

Regarding the following verbiage "Prohibit payments to a mortgage broker or a loan officer that are based on the loan's interest rate or other terms". This may seem like a good idea at first, however this rule would drastically limit the consumer's mortgage financing options. Currently mortgage lenders can use their yield spread premium (also referred to as "YSP" or "Premium") to help pay the borrower's costs, and in general can reduce the borrower's upfront expense. In certain cases, the borrower may not have sufficient funds to pay all or some of the related closings costs related to obtaining mortgage financing. This premium allows the lender to assist the borrower in structuring the financing to meet the borrower's individual needs. Without this pricing flexibility, the borrower's options will be reduced and the lender will be forced to charge all related costs to the borrower directly. This will inevitably restrict some peoples ability to purchase a home. This rule, however well intended, is not necessary for promoting consumer protection and will have an adverse impact on the same consumer it seeks to protect. Please consider removing this clause from the proposed rule. Thank you.