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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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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 best meet the borrower's needs. Without having 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 people's ability to buy 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. Use the "common sense test" - an example: A borrower (buying or refinancing) wants a mortgage. They will be in the home for 3 to 4 years. The finance amount is \$180,000 and closing costs are \$5500. Comparing a Full Cost Loan at 5.00% and a "No Cost Loan" at 5.5% would be a difference of about \$75 a month. Divide the \$75 into the \$5500 in closing costs and the Pay Back is 6 years - well after the homeowner has moved on. Thank you.