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Subject: Reg Z - Truth in Lending

Comments:

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Comments:

The proposed elimination of yield spread premium concerns me very much. As the owner of a small business involved in the brokerage of mortgage loans, the yield spread premium that our lenders offer as compensation for different interest rates play a vital role in proper mortgage planning for our clients. We provide a valuable service to our clients to help them research, understand, and implement the proper product to meet their immediate and future needs for the financing needed for their home. For this service, and because of the client-accepted value of this service, we deserve to be paid. Our service helps our clients to analyze and navigate the world of mortgage financing. During this process, we help our clients to identify their immediate ability to cover costs associated with obtaining this financing. We help them to analyze the suitability of adding to the immediate costs by paying up-front broker fees for a lower interest rate versus accepting a higher interest rate. Many clients do not find value in paying the higher up-front fees for a slightly lower interest rate even though this may save them much more over the course of time. There are several factors for their decision and the first and foremost is the unknown of exactly how long that they will have this mortgage loan. The client may decide to move from the home or refinance the loan before paying the additional up-front costs would become worthwhile over accepting the higher interest rate. Therefore, not only would eliminating the yield spread premium hurt many small business owners and mortgage brokers in this country, but this would also harm the very person whom you are attempting to protect. The very nature of capitalism and our economy is at stake here. The marketplace of the mortgage broker is like any other marketplace in our economy in that some companies sell their product based on the perceived value of their service, some simply for price, and some for a combination of both. However, it is the consumer that should be responsible for making the decision as to what is most important to them with regard their unique set of values - not the Federal Reserve dictating that the consumer shop based on price alone.

While I understand that mortgage financing is a complex issue that most consumers do not fully understand, attempting to protect the consumer by eliminating yield spread premium and ultimately the local SMALL business owner/mortgage broker that they trust is not the answer. The consumer needs this advocate in their corner more than ever today.