From: Cromer Mortgage Services, Inc., LaMarr Cromer

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:
Comment on YSP Limitation or Elimination: I have been a licensed Mortgage Broker for 25+ years and been a partner or sole owner of a Mortgage Brokerage Business for the past 13 years. I was the 17th Broker in FL to earn the NAMB (National Association of Mortgage Brokers) Lending Integrity Seal of Approval and 1 of under 230 nationwide who hold NAMB''s CMC (Certified Mortgage Consultant) designation. I consider myself a professional and spend a good deal towards that, memberships in 4 trade associations, brokerage lisences for myself as an individual broker as well as my brokerage business, certification and other ongoing educational fees ... all while my income has decreased with the real estate market. I don''t think that limitations or elimination of YSP will benefit the end consumer in any way. As I''m sure has been pointed out in many other comments, YSP can and often is used to offset closing costs so that a borrower can apply more if their funds toward their downpayment or enable them to have funds in reserve for other expenses related to their home purchase. In the case of a refinance it is used the same way but more important when trying to dela with the reduced property values and loan-to-value limitation for both rate & term as well as cash-out transactions. Limitation or elimination of YSP will limit or eliminate options for consumers to reduce their cost of buying or refinancing their home. I have very low overhead operating solo from a home office and pass those saving to my clients by way of a discounted fee. I also pass any YSP to my clients ... the payment from the lender to my company in the margin of page 2 of the HUD-1 has a corresponding Credit from Broker to the borrower on page 1 of the HUD-1. All the fees for obtaining the mortgage are charged (including my discounted fee) but they are offset with the credit to the extent of the credit associated with the rate they chose to lock in. YPS is basically the same as SRP (Service Release
Premium) which is earned by a Correspondent Lender, Direct Lender, or Bank, but

unlike a Mortgage Brokerage Business, these lenders are not required to disclose this additional income based entirely on the rate because they are funding the mortgage. YSP is disclosed on the Good Faith Estimate & the Mortgage Brokerage Contract/Agreement at time of application, then on the HUD-1 Settlelemt Statement at closing so that the consumer is aware of the YSP. SRP is never disclosed anywhere ... how does this double standard and lack of transparency benefit the consumer? Limitation or elimination of YSP will eventually force Mortgage Brokerage Businesses (mostly small businesses) to close and likely force a lot of brokers and other originators to attempt to find other jobs or careers after devoting themselves to a profession. Furthermore, any limitation in total of income related to what mortgage originators, loan officers, or mortgage brokers can be paid on a transaction is not only unfair,
but absurd. What about auto sales people, their commission is based on the price of the car they sell; Realtors commissions are based on the price of the home they sell; most commission based sales people are paid based on the size of the sale; house painters charge based on the size of the house ... should the professionals in the examples here be paid a flat fee for their serice? I don''t think so. I certainly don''t think that an mortgage originator regardless of where they are employed should be limnited in their income per transaction when the Correspondent Lender, Direct Lender, or Bank has no limitation as well as has no requirement to disclose that income. This proposed rule if enacted will not ultimately protect the consumer as is intended. It will limit their choices, increase their costs (and they will never know what those really are), limit their ability to get a mortgage, and slow down overall sales and economic recovery. The HVCC has already caused an approximate 20%+
increase in appraisal cost to the consumer of which more than that goes to the Appraisal Management Company ... who''s overseeing them? Some changes were necessary in the mortgage industry, but too many changes won''t really correct the problems, they will create new ones. Lenders created mortgage programs, marketed, underwrote, and closed these mortgages, yet they are not experiencing anywhere near the changes in regulation that the mortgage broker end of the business is. I think we wouldn''t have seen anywhere near the problems and erosion of real estate if the Lenders would have done proper underwriting, due diligence, and auditing of submitted loans. Musch of the fraud that continues to hit the headlines (at least those read witin the industry) weekly. Changes wether by rule or legislation need to be carefully considered in order to create the intended result or they will only serve to make things worse ... as I believe R-1366 will do.