

From: Ryan OKeven
Subject: Reg Z - Truth in Lending

Comments:

To whom it may concern:

The elimination of YSP or "Yield Spread Premium" paid to mortgage originators will facilitate the removal of the best tool available to consumers to help keep the cost of borrowing down. YSP is routinely utilized to pay closing costs, credit borrowers pre-pays and other fees, and to keep loan amounts from being increased to account for broker/lender compensation. In no other industry is an institutions profit margins required to be disclosed- i.e. when I purchase a car I do not know what the dealer's mark up is, but a borrower knows what a bank pays me for completing their loan. When I buy a home, appliances, eat in a restaurant, in no other industry is a company required to disclose the exact amount of monies being paid to said company for conducting business. In the lending world, YSP is required to be disclosed to borrowers multiple times on multiple documents, both before, during, and at the completion of the lending process, and results in the consumer's ability to shop for the best terms and rates available.

The elimination of YSP or "Yield Spread Premium" would only drive up the costs associated with taking out a mortgage as banks, bankers and brokers would instead be compensated by charging more upfront fees to the borrowers to make up for the lack of YSP. In addition, YSP does not "penalize" borrowers or "incentivize" giving a higher interest rate as #1- the mortgage/lending marketplace is more competitive than it has ever been with the consolidation of the industry. Anyone trying to "gouge" or overcharge a potential borrower is easily defeated when said client simply shops for the best deal available. #2-YSP allows bankers/brokers/lenders to keep the cost of borrowing low by limiting borrower's out of pocket expenses to a minimum by covering appraisal fees, pre-pays, escrows, closing costs, etc.

The elimination of YSP would further hamstring an already ailing lending environment and only drive up the cost of borrowing for the average consumer.

Ryan O'Keven

CRL