

From: Fidelity First Home Mortgage Co., Douglas C. Rice
Subject: Reg Z - Truth in Lending

Comments:

"Option-A", by eliminating "YSP" , would eliminate 50-85% of all of our purchase borrowers.

At this critical time in our economy, the driving force helping recovery are home purchasers. And yet the costs of down payment and closing costs are staggering! By eliminating ysp the required cash for purchasers would be raised significantly, taking them out of the homebuying market.

Consumers are smart enough to understand the good faith estimate. And they like the idea that they can get a better loan with no points. They want to know "how much money do I need , and what will be my monthly payment on a fixed rate?"

You have 2 types of homebuyers now, 1st time and move up buyers. Both have next to no money. Why do we want to cripple the ONLY BUYERS by getting rid of YSP.

Now let's say you own and you want to refinance to a lower rate, but you are not sure how long you will be in the property, maybe between 4-10 yrs, you are just not sure. Well refi costs are high enough, but if you have to pay points up front, well that just makes it make no sense. So by getting rid of YSP you hurt people who would love to reduce their current mortgage payment by an amount that to them would make it worth doing.

And think about it: doesn't every retailer have a profit margin. Will you require car dealers to disclose what they make on every car sale? Will you require doctors to show in writing what they make on an operation or examination? Well YSP is sometimes our only way to stay in business and generate income off of doing a loan. Brokers serve the general public in so many great ways. Without brokers there would be less competition, and everyone would have to go to banks, and aren't there only 3-4 banks who end up with these loans anyway? Most bank originators do not have our experience. A lot of our customers tried to go to their bank, and either got the runaround for 60-90 days or nothing . And we get lower rates than the banks!

Douglas C. Rice
Fidelity First Home Mortgage Co.