



Mortgage Brokers
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Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

December 24, 2009

RE: Yield Spread Premium, YSP

I am a Mortgage Broker in San Rafael CA, own my own business, and have closed about 450 loans for \$100,000,000. I know of no loan I initiated that has been foreclosed. Most of my customers are referrals and repeat business as my reputation for both finding the appropriate loan and for providing excellent service drives my business. I explain to my customers that they have a choice of paying closing costs or paying a little higher interest rate and having the closing costs paid on their behalf. After borrowers review the advantages of these two options over 80% choose to avoid paying the closing costs. If you take away this option by eliminating YSP my business will be ruined, especially if banks can pay closing costs for borrowers and I cannot compete. That would be totally unfair.

In California mortgage brokers are required to disclose their fees and lender commissions up front. We are not allowed to take a commission higher than is documented in our file and disclosed to the borrower unless a new disclosure is signed. So if the rate is not locked while the consumer is considering the loan, the mortgage broker is still held to the maximum commission disclosed regardless of the final rate locked. Doing otherwise would be just plain wrong and would jeopardize the mortgage broker's CA Real Estate license. Often a negative change in market pricing means I take a lower commission rather than re-disclose, which benefits the borrower. This is a great disclosure system and it provides far more consumer protection than is required of the banks. They don't have to disclose their income at all. Still, it works for me and I like the way it holds all mortgage brokers accountable.

I feel that mortgage brokers are being singled out for credit crisis punishment despite the fact that they did not underwrite any loans or set any underwriting rules. I am not saying some did not contribute to the mortgage crisis in other ways. Many mortgage brokers have been driven out of business as the secondary market for jumbos disappeared and the banks further restrained competition by shutting out mortgage broker access to their jumbo loans. This means the bailed-out banks are growing and their profits are soaring at the expense of mortgage brokers. Eliminating YSP will exacerbate this trend, result in less competition, and reduce consumer choice. I can't believe this outcome is desired by regulators. I would appreciate an explanation of your position.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Tetzlaff".

John Tetzlaff, Owner Broker
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cc: Representative Lynn Woolsey
Senator Barbara Boxer
Senator Diane Feinstein
President Barak Obama