

From: Karen Reed  
Subject: Reg Z - Truth in Lending

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Comments:

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Comments:

I would hope that the Federal Reserve Board recognized that a Yield Spread Premium (YSP) is a function of the price of mortgage funds, on a scale that runs from the Borrower paying points for a lower thru paying zero points for a higher rate, to getting a rebate and taking a higher rate. When borrowers deal with a mortgage broker each of these options allows the Mortgage Broker to be paid from the choice selected. Allowing the borrower the option of taking a higher rate and lowering their loan costs is just an option. Our great country was built on the idea of free enterprise and market based consumer choices allow for the best products at the best price. Your proposed restrictions eliminate choices. This is simply a BAD DEAL FOR CONSUMERS. I didn't think the Federal Reserve Board was in the business of writing laws that inhibit consumer choice. If allowed to proceed, wholesale lenders will eliminate YSP pricing. Consumers could still go to a direct lender who is allowed to offer lower fees. I'd expect this would be the choice of many borrowers who do not have large sums of money for expensive closing costs. Soon, since you have taken these choices away, mortgage brokers will be out of business. Now, consumers have less choice and with less competition, prices increase. The consumer loses. This is poorly thought-out regulation and I hope you are not so short-sighted as to pass such an amendment. Thank you, Karen Reed