

From: Academe Lending, Jackie Horst  
Subject: Reg Z - Truth in Lending

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Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages  
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Comments:

I am a mortgage broker in Atascadero CA. I have been a mortgage lender for close to 30 years. I am writing because we really need your help to help protect consumers and the mortgage industry from the changes proposed in Reg. Z. The Federal Reserve has proposed massive changes in how mortgage originators are compensated. Part of their proposal includes a provision for originators to be paid a flat fee or a hourly rate and would eliminate Yield Spread Premiums. This would hurt consumers as it would virtually eliminate no cost loans. I can personally tell you that over the past 30 years, I have been able to put dozens of buyers into homes, who might not have had the funds otherwise, by way of no cost or no point loans. I have also procured hundreds of low cost or no point refinance loans enabling my clients to take advantage of better terms on their loans. My small business would be shut down if not for the benefit of YSPs. It would also require consumers to pay more up front for origination fees, potentially eliminating many first time buyers who struggle already to come up with all of the up front costs of buying a home. It would also drastically change the mortgage industry, forcing many businesses, such as my own, to shut down. This reduction in competition will ultimately be paid by consumers and support a big bank monopoly. Bank loan officers don't get a free pass. Their compensation structure would also be changed. The new "Good faith estimates" that will be in play after January 1st go a long way in forcing full disclosure upon us brokers. These explain YSP's to the borrowers so that they can make a clear choice about how much cost they wish to pay on their transaction. Full disclosure of fees and options is what we want...eliminating the YSP IS NOT THE ANSWER! Thank you for your time!  
Jackie Horst