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Subject: Reg Z - Truth in Lending

Comments:

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

YSP allows Mortgage Brokers to offer 0 point, and 0 point, 0 closing costs loans to consumers. This is advantageous to the consumer because it can take up to 5 years to recoup paying a point upfront. Also, many first time homebuyers struggle just to come up with the downpayment. It would be difficult for them to pay for downpayment, closing costs and points. From a money management, consumer perspective it is better that they keep some money in the bank than pay it out in points. It is important for them to have an emergency reserve fund. As a Mortgage Broker, I offer the consumer better rates than the Retail Banks. Our office doesn't have as much overhead. Getting a good rate is very important to the consumer. I think it is a disservice to consumers to take away YSP, thus making the only option for Mortgage Brokers to charge upfront points. You will eliminate positive options as outline above and reduce competition which offers the consumer better rates. A suggestion is to pay the same YSP on Adjustable Rates Mortgages as on Fixed Rate Mortgages. Please eliminate negative amortization loans. I don't think eliminating YSP resolves the problem that you see for the consumer. Thank you for your time and consideration.