

From: California Mortgage Associates, Cathy Fuentes
Subject: Reg Z - Truth in Lending

Comments:

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To Whom It May Concern: I am writing to make sure you vote to keep Yield Spread Premium charges for Mortgage Brokers. I am a California licensed Salesperson working under a broker in Northern California. We are a small business (22 employees) and have been in business since 1987. We are a very reputable company and well known in the Central Valley. The majority of our business is referrals from past clients. YSP is a part of our compensation. It is also a tool we use to give our clients different pricing options. Our company standard is to charge 1% origination fee and hold back 1% YSP (of the loan amount). However, this does not always work for every client. Some clients have cash or equity and wish to pay points up front to obtain the lowest interest rate available knowing that they plan to stay in their home and with this mortgage for a long period of time. Other clients are struggling with the cash needed to close and moving our origination fee to YSP allows them to get into a home with less cash out of pocket. They realize that the higher interest rate is not a significant difference to their payment and is tax deductible. Once they have equity, they can always look to refinance if they plan to continue to stay in the home. YSP is fully disclosed to all our clients and shown to them as different options when we provide multiple Good Faith Estimates. As a broker we are able to shop multiple banks for the best rate and pricing for our clients. Charging 2% of the loan amount is a fair price for the services we provide. As the Loan Officer, I do not keep all the proceeds from the closed loan. Approximately one half of it goes to my broker to pay for the various expenses of running the business (office rent, staff salaries, equipment, supplies, advertising, etc). For the clients that we work with and don't end up closing a loan with us (either changed their mind, were not approved, or went elsewhere), we receive zero compensation. The bottom line is that YSP is a great tool for the client and indirect compensation for the mortgage broker. Banks all receive indirect compensation as well. The

difference is that banks do not need to disclose it to their clients. If you want to make some changes to better improve our industry, have banks fully disclose their compensation to the client like Mortgage Brokers do. Thank you for your time and vote to keep YSP, Cathy Fuentes - California Mortgage Associates