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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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For all mortgage transactions the proposal would: Prohibit payments to a mortgage broker or the creditor's loan officer based on the loan's interest rate or other terms. Prohibit a mortgage broker or loan officer from "steering" consumers to a lender offering less favorable terms in order to increase the broker's or loan officer's compensation. The above provision would likely not have the intended benefit to the consumer. Under the current system, loan officers have the flexibility to use "Yield Spread Premium" to pay a borrower's closing costs. Under the new system that flexibility would likely go away. In addition, under the current system a borrower who is shopping for a mortgage can negotiate a lower rate with a lender. The new system will prohibit the loan officer from being able to lower the rate and for fees in response to a request from the customer. The industry is extremely competitive. Competition among lenders and loan officers, already functions to keep yield spread premiums low.