

From: Michael G. Vodnoy
Subject: Reg Z - Truth in Lending

Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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As a mortgage broker, I write to you today expressing my concerns with the Federal Reserve Board Proposed Rule amending Regulation Z - Docket No. R-1366. I do not believe that the Proposed Rule is better than the old rule. I request that you consider my concerns before issuing a Final Rule that will negatively change the mortgage market for consumers. The elimination of YSP removes a vital consumer choice in how to finance a loan. Choosing to finance closing and origination costs through the rate allows borrowers to purchase without requiring significant outlays of cash at close. YSP allows consumers to compensate originators for origination services when they pay none or only some of the origination fees or closing costs up-front. This is a legitimate and legal way for borrowers to finance those up-front costs through the interest rate. I believe it is important for The Board to recognize and consider the unintended consequence that will be caused if the proposal is made final. I recommend the Board withdraw the proposed prohibition on payments to loan originators that are based on the terms or conditions of a loan. It is important for loan originators to retain their ability to receive compensation as a percentage of the loan amount and not just a flat fee. Thank you for your consideration