

From: Don L Thomas  
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 very concerned over the Federal Reserve Board proposed rule revising Regulation Z Docket No. R-1366, specifically as it pertains to the "Option-A" provision. "Option-A" prohibits the payment of yeild-apread premiums (YSP)to mortgage brokers. I have been worked in the mortgage industry for over 25 years with both lenders and brokers and feel that both provide a valuable service. I currently work for a broker. The YSP offers more options to the consumer as to how they want to structure their mortgage loan with regards to interest rate and fees. IF YSP is eliminated for brokers we would not be able to offer the consumer the option of raising their interest rate to eliminate some or all of their closing fees. This would put brokers at a competitive disadvantage to mortgage lenders and ultimately eliminate them from the market. Over the years the growth of mortgage brokers in the industry has reduced costs for consumers and given them more options. Margins on loans have gone down which benefits the consumer by giving them more competitive pricing. If YSP is to be eliminated it should be done for mortgage lenders as well as mortgage brokers.