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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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My comments are in regards to the Option A proposal. I am sure you have read all the reasons for not eliminating YSP from it ending the mortgage broker profession to it eliminating consumer choice has they would not be able to finance closing costs via a higher interest rate. I would agree with all of these arguements, and I would add that most of the abuses of YSP like adding a pre-payment penalty to get extra YSP or raising the margin on a pay-option ARM to get extra YSP have stopped. I would have no problem with a rule banning those abuses of YSP. But rather than eliminate all YSP why don't you just cap the compensation that a mortgage originator can earn on a loan like there is a limit on reverse mortgages. Set the limit to 3.5% or \$7000, and couple that with a rule that says closing costs that exceed those disclosed on the GFE by 10% will be paid out of the loan officer's compensation and I think you will see many of the abuses you are trying to prevent curtailed rather drastically. Thank you for your consideration.