

From: Mortgage Choices, John Tetzlaff
Subject: Reg Z - Truth in Lending

Comments:

Following is the original e-mail received:

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January 14, 2009 Board of Governors of the Federal Reserve System 20th Street and Constitution Avenue, NW Washington, DC 20551 RE: Senate Democrats call on Fed. to eliminate Yield Spread Premium, YSP I am a Mortgage Broker in San Rafael CA, own my own business, and have closed about 450 loans for \$100,000,000. I know of no loan I initiated that has been foreclosed. Most of my customers are referrals and repeat business as my reputation for both finding the appropriate loan and for providing excellent service drives my business. Because I am an independent mortgage broker, I have no salary and rely on a commission (yield spread premium YSP) for my living. If I have to charge the borrower directly for my income, and banks are not charging borrowers a similar fee to pay their loan officers, my competitive position will be severely restricted. This gives the banks a huge, unfair advantage. I don't think regulations that limit consumer choice and that put mortgage brokers out of business is good for the consumer or the economy. For years in California mortgage brokers have been required to both disclose and commit to their fees and lender commissions (YSP) in the CA Good Faith Estimate. The Federal Good Faith Estimate as of January 1, 2010 now requires disclosure of YSP by mortgage brokers nationwide. Further, the new process tracks compliance through the entire loan process assuring compliance from the initial GFE to the final HUD1. Thus, the opportunity for YSP abuse by mortgage brokers has been eliminated, which makes any argument to eliminate YSP irrelevant. I feel that mortgage brokers are being singled out for credit crisis punishment despite the fact that they did not underwrite any loans or set any underwriting rules. I am not saying some did not contribute to the mortgage crisis in other ways. Many mortgage brokers have already been driven out of business as access to jumbo loans disappeared because the secondary market for jumbos came to a halt and the banks further restrained competition by shutting out mortgage broker access to their jumbo loans. This means the bailed-out banks are growing and their profits are soaring at the expense of mortgage brokers. Eliminating YSP will exacerbate this trend, result in less competition, and reduce consumer choice. I can't believe this outcome is desired by legislators or regulators. Sincerely, John Tetzlaff, Owner Broker Mortgage Choices 2131 5th Ave. San Rafael, Ca