

From: Greg Balch
Subject: Reg Z - Truth in Lending

Comments:

I am writing to express my concern over the proposed elimination of yield spread in the above mentioned rule changes. In the interest of space and time I will give one example, although I could provide many reasons for my concern. I had an inquiry earlier this week from someone who wanted to refinance his \$416,000 mortgage to take advantage of the lower rates available today. He is presently on an 7/1 adjustable rate mortgage that will be switching to an adjustable rate within the next few months. The main concern he had was closing costs he was having to pay out of pocket. We were limited as to what we could lend because a \$417,000 mortgage in our area is considered a jumbo loan and the rates and programs available for that type of loan are significantly different from standard conventional financing. Because of the yield spread premium I could absorb the majority of his closing costs without him having to pay them up front, and he was able to get a substantial interest rate cut on a FIXED RATE. Had yield spread not been available, this customer would not have been able to close this loan. The implications could have been catastrophic for him personally when his current interest rate adjusted. **ELIMINATION OF YIELD SPREAD WILL HURT CONSUMERS BY LIMITING THEIR OPTIONS ON REFINANCING AND PURCHASING NEW HOMES.** This will only add to the problems now faced by the nation in the housing market. **PLEASE DO NOT DO IT.**