

From: Marsha Lenyk
Subject: Reg Z - Truth in Lending

Comments:

In order to assist our consumers and give them freedom of choice, I strongly urge the board to reconsider their "Option-A" proposal on originator compensation. It is imperative that the yield spread premium be preserved for borrowers. This is not to line a broker's pockets, but to allow the consumer to choose the best pricing option from the most qualified individual. I recently handled a Veteran's purchase transaction that would not have transpired if it were not for the ysp. The property was selling for \$388,000, but the appraised value was \$380,000. The borrowers did not have the money to bring in the difference between the appraised price and the sales price, yet they had been looking for 6 months and had identified this property as a good value. The seller was in preforeclosure, and could not accept the lower price and still have enough money to pay the \$8,000 buyer's closing costs they had originally agreed to pay. A compromise was reached by all parties on all fronts, with the seller taking \$8,000 lower on the sales price, and the borrower by utilizing a ysp to pay for all the closing costs. The seller accepted the lower sales price, I used the ysp to pay all the borrower's closing costs, and the transaction closed to everybody's mutual satisfaction. Without this option, the borrowers would not have been able to buy, and the sellers would not have been able to sell. Not having this option would have taken away this Navy Vet's ability to purchase the property he wanted and deserved. It would have further delayed the sale (if it transpired at all) from the seller, who had to bring in about \$3,000 to close his transaction. It is likely that structuring this transaction the way I did saved this property from going back to the bank, as the seller was in early default. I appreciate your attention to the fact that, again, this would not have happened without the use of ysp. Eliminating the ysp will depress the market even further by not allowing transactions like this to be structured to everybody's satisfaction and the mutual benefit of our economy.

Because the upfront costs and down payment are the biggest obstacle for first time homebuyers, I have used ysp's for borrowers who have little cash to get into their properties. These are good solid borrowers with good credit and good debt ratios, but they are struggling to get the cash needed for purchasing. Ysp's bring their closing costs down so they can afford to get into their first home, yet have enough cash to buffer any challenges down the road. This is good sound planning, and without the ysp, these borrowers will be left with no cushions as they adjust to their new payments and expenses. YSP's are a good thing overall for the consumer to be able to utilize for affordability and good financial planning.

This is only one of many, many stories I could give you. I recently used ysp to pay for an investor's costs on a 1031 exchange. This was a home that needed lots of work, and he needed to preserve his cash to fix it up. This is a bolster to our economy and our housing market to be able to accomplish this, and it could not be accomplished without the ysp. This ysp will be keeping Home Depot in operation, the contractors that will be doing the work in business, the City from having to maintain an abandoned property, tenants into affordable housing. This is the ultimate domino that we need to put into play to keep us moving out of this recession, and all from ysp.

YSP's especially important and used exclusively to the borrowers benefit as will be disclosed in the new Good Faith Estimate being implemented in the New Year. This mandates that a broker credit every last penny of that ysp to the borrower if one is paid. It is plain language that allows the borrower to shop utilizing the ysp, or not using it, but it leaves the choice in the hands of the borrower. Choice is the operative word here. This is an option the borrower will not have if the ysp is eliminated, and it will absolutely reduce their ability to shop. Without the ysp, brokers will not be able to use their considerable knowledge and abilities to structure solid transactions, like the ones I structure on a daily basis, at a time when the housing industry is in crisis. Eliminating the broker's ability to use ysp's will eliminate a huge source of knowledge and experience and will prove absolutely detrimental to the market. It will eliminate a broker's ability to deliver a product that can be delivered by a bank , leading to unfair competition, and eliminating a borrower's choices. Monopolies are never a good thing for our country. Less choice for the borrower is not a good thing for our market, now or ever. Small broker shops like mine deliver a viable product on all fronts with relations that have been forged through many decades of good business and fairness to our clients, be it with ysp or not. To eliminate the ysp is to tie the borrowers hands and force them into working with only banks. Less competition is never a good thing for the free market, and never a good thing for consumers. You will be eliminating competition if the ysp is eliminated. It is a fact, and it is not good for the market.

With full understanding of these things, for all these reasons and more, it is imperative that the ysp be preserved.

Thank you for taking the time to read my letter. I appreciate your careful consideration of its content.

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