

From: South Wind Financial, Brian Bowman
Subject: Reg Z - Truth in Lending

Comments:

To Whom It May Concern:

I am writing this letter to address my personal and the greater industry concerns' regarding The Federal Reserve Board's proposed Option "A" revision to Regulation Z. It is my understanding that The Board is considering the elimination of YSP compensation to loan originators. The removal of this vital consumer choice would be highly catastrophic to an already struggling housing market, and would further limit our ability to serve the consumer. Below I have briefly described a few key examples of how this change will not assist the consumer, but will in fact hurt the consumer's ability to qualify for mortgage financing, and thus continue to add downward pressure to the greater economy.

First, I frequently use the YSP compensation to pay a variety of fixed closing costs for the borrower during a purchase or refinance transaction. For example, with customers looking to refinance their current mortgage I am often able to do so free of charge because of YSP compensation. This allows the consumer to maximize their financial benefit of the refinance by not having to pay one-time finance charges. Furthermore, on many occasions the borrower does not have the equity or additional reserves to pay for the finance charges, and thus without the YSP option could not help to drive the economy by participating in the refinance. The result is much the same in a purchase transaction. Many times a borrower will not have enough funds to pay for all of the processes involved with buying a home (i.e. down payment, appraisal, inspection, home warranty, title costs, etc.) and still have money left over to pay the originator. By having YSP as an option, this allows the potential buyer in this situation to still be a part of the marketplace, to aid in the housing recovery, and ultimately achieve the American Dream of homeownership.

Second, the flexibility provided by YSP compensation is also vital to a healthy economy and happy homeowner's. For example, by the originator receiving the YSP compensation rather than charging the consumer for the origination of the loan, this allows the homebuyer to direct their monies to other parts of the economy that rely on the housing industry to drive demand for their products. Be this home décor, landscaping, or pool companies to name a few, it is obvious that by allowing the consumer to choose the structure and cost of their loan, we are freeing up assets to be spent elsewhere in the economy.

Thirdly, I understand the need for regulation in the lending industry. However, the recovery in the housing market and the greater economy depends in no small part on our ability to provide consumers with loan options. By removing the YSP compensation option for current and potential homeowner's we would not be protecting the consumer, but rather limiting their ability to make choices.

Finally, I believe the increased regulations that have taken place since the housing crisis occurred have been driven to protect the consumer, and I agree that the YSP compensation must be properly disclosed to the consumer.

This means that we are all operating with full transparency and the consumer is allowed to make an informed decision. In my experience the vast majority of consumers prefers to have the originator paid via YSP compensation and is happy that this option exists. Please empower the remaining loan originators during this difficult time in our market by keeping the YSP compensation option alive. I truly appreciate your consideration and attention to this matter.

Best Regards,

Brian P. Bowman
South Wind Financial