From: "Martin Timm" <mtimm@freedom1stmtg.com> on 03/28/2008 11:00:03 AM

Subject: Regulation Z

Dear Federal Reserve Board,

My name is Martin A. Timm. I am the owner of a mortgage broker shop in the state of Iowa. I live in Cedar Falls, Iowa. I am submitting comments on the above referenced item because although this initiative is well intend and I back the intent, the details will severely reduce competition and in turn not help the intended consumer. I will explain my comments below.

As I mentioned, I support the consumer protection goals of the Federal Reserve Board's proposed amendments to Regulation Z, but respectfully oppose the proposal to restrict compensation for mortgage brokers. I help hundreds of consumers each year find better rates or better programs than the traditional banking system at lower costs. Mortgage brokers act as an intermediary between borrowers and lenders, but represents neither. We already have disclosures that outline our relationship with lenders and borrowers. I compete every day with banks that DO NOT HAVE TO DISCLOSE THEIR TOTAL COMPENSATION. I already disclose every dime I make on every deal. Banks do not have to disclose their yield spread they make when they sell the loan. Banks now are acting the same way as brokers; they originate and sell the loans to someone else and THEY DO NOT HAVE TO DISCLOSE THEIR COMPENSATION. Any further requirements put on mortgage brokers will only increase the competitive advantage the banks already have.

Mortgage brokers increase competition and help keep banks more honest. Mortgage brokers can usually offer options for consumers that are most cost effective and driving competition. If there are changes to be made, THEY NEED TO APPLY TO ALL CHANNELS OF THE ORIGINATION CHANNEL; not just the Mortgage Brokers.

Yield spread premiums are an essential part of the revenue channel. Both bankers and brokers rely on that income to pay the overhead and cost of operation. If brokers and/or bankers could not make money through yield spread premiums, they would have to charge more in direct costs and increasing the costs for all borrowers. I will give you a perfect example of a customers that I was able to help get a better product than the bank and how the bank used my already requirements to disclose yield spread premium.

I was able to offer a customer a rate 3/8 lower than a bank. Since I already have to disclose an estimation of my yield spread, the banker asked to have the customer bring in my Good Faith Estimate of Settlement Costs (several thousands of dollars were disclosed as Yield Spread). The customer came to me convinced I was not offering them a better deal because I was getting paid that amount even though my payment and direct costs were lower. I actually got on the phone with the banker and the customer and we asked the banker if his bank would make money when they sold the loan to someone and his answer was yes. We hung up the phone and the customer asked my why the bank did not have to disclose their compensation.

The above outline the unfair practices that already exist. If anything, we should make everyone follow the same rules of disclosure; brokers and bankers.

If implemented, the requirement of giving a reasonable precise dollar estimate of fees a broker will charge even before an application is submitted would be impossible. Before an application, the originator does not know the borrower's financial status, transaction details, type of product sought, or amount of loan, and this will all change as the transaction progresses.

I would suggest the Fed consider alternatives to the proposed regulation which would protect consumers in their dealing with ALL MORTGAGE ORIGINATION CHANNELS and encourage competition. Thank you for considering my comments.

Thanks,

Martin

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