From: "David Secontine" <dsecontine@southwestfunding.com> on 04/08/2008 07:25:03 PM

Subject: Regulation Z

To Whom It May Concern:

I support the need to protect the consumer from overzealous loan originators taking unfair advantage of them for their own profit. However, by making only brokers having to disclose yeild spread premium places the general buying public at a risk. The public will thus have a view that only mortgage brokers are making YSP and that bankers aren't which is totally false. This will drive many to the banks themselves and with their small portfolio's of products the borrower will get a much worse selection of mortgage options. This will no doubt lead to borrowers overpaying in fees and interest over the life of the loan. Not to mention by having brokers disclose more this will only confuse the public and make an already stressful experience that much worse.

As a mortgage loan officer having worked in both the banking side and the brokerage side for six years now and being the son of life long realtor parents I can say without question the mortgage broker provides so much more in the way of options, better rates, and education to the borrower while also making the deal go smoothly which helps the seller close on the deal so that they can move on to purchase their new home or ivest their return in other areas of our economy.

As a broker I now compete with Banks that also do wholesale business. In this competition one would think the borrower would only get the very best deal. But I can tell you that many times large banks like Citibank and Chase have on staff people that have so little training that they do not know the distinction between a rate buydown and a temperary rate buydown and when it is best to place someone in a temperary buydown VS. a life of the loan buydown. Having worked for both sides I can tell you that brokers and their originators are so much more educated and this in the end serves the borrower much better.

I know for a fact that borrowers are already so confused between the mirade of lenders and programs not to mention all the disclosures that they are overwhelmed by this all. Adding to it with this proposed regulation is only going to make this a more confusing and frustrating process for the public.

Going back to what I said earlier by making only brokers have to disclose yeild spread and not bankers means that the borrower will now think the very best deal can only be gotten from a bank and this in turn will lessen the amount of options and qualified and educated originators that the general public has access too. This will only serve to hurt the public in the long run not help it as it is intended to do.

As a broker I often use yeild spread premium to help pay a borrowers costs at closing. This can make all the diference between some credit qualified borrowers getting into the home of their dreams and for that matter the seller getting his home sold versus a buyer having to walk away from a deal. Thus the home sits on the market longer and this has a domino affect on down the line. title companies lose, realtors lose, appraisers lose, people's 401ks lose, and it goes on and on.

By making the broker disclose something that other orginators do not will only serve to hurt the public in the long run. The fact is brokers do what brokers do which is to shop for the best program at the very best rate for the borrower. But once they have to disclose the actual amount of YSP before hand will only push the borrower away and cause them to go to someone of less education and with much less in the way of programs and thus higher rates. This can't be stressed enough it will have a domino affect on the whole process and in the end the borrower will lose more than anyone.

As a loan officer I always provide within 72 hours of application my borrowers a complete and as precise GFE and TIL as is humanly possible. I also (and this has cost me deals many a times but I believe it is my fiduciary responsibility to do so) provide them a GFE and TIl at the very worst case scenario so that they know this is the most it will cost me to clsoe this loan. And in six years of originating and closing loans I can honetly say that I have yet to have one HUD1 come in with the costs at or above what I originally had estimated. But it is impossible to estimate the costs to an exact dollar because circumstances can and often do change. Pre-paids can go up or down, A borrower may not qualify for a program because in the process of verifying their documenation something pops up that the borrower did not disclose to me the originator up front. Now I must find a new program and what if the only program I can find the bank's rates are high enough that their is a cost of discount points to close that loan paid by the borrower to the bank at closing. How can I as an originator be expected to forsee this occurance. We have a saying in our business "Buyers are Liars" When I start and application before I ask any questions I make sure to say to the prospect please understand not only am I going to be checking and verifying the information and documentation you supply but so will my processor, the bank's processor, the underwriter and the closing department. And inveriably with the warning the always neglect to tell everything. This makes it impossible to provide a to the dollar accurate GFE. Hence I will over estimate so that they are covered and know worse case.

I propose that by making all originators whether banker, broker or direct retail lender have to disclose yield spread then this will serve as direct competition which will defiantely be in the borrower's best intrest.

I would like to that the Federal Reserve for taking the time to read my comments. I know that this is a dificult time in our industry and I am happy to be playing my small part in providing the best most ethical and honest service the general public deserves.

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