

From: "Gary Lloyd" <glloyd@associatedmrtg.com> on 04/03/2008 05:10:02 PM

Subject: Regulation Z

My name is Gary Lloyd and I am a mortgage broker in Salt Lake City, Utah. I have been a broker for the past 12 years with Associated Mortgage Co. and have been licensed since the first year that Utah implemented licensing. Prior to working as a broker I worked for several different federal banks for over 20 years in a lending capacity. I am well acquainted with consumers concerns and their desire for honesty and fairness in both fees and rates.

As a result of my many years in the banking arena I realize the differences in pricing and how they can benefit consumers.

I am aware of the turmoil in the mortgage industry in our country at the present time. I am also aware and appreciate the governments desires to step in and protect borrowers from those who take advantage of them when it comes to their homes. Dishonesty and self-serving greed should not be allowed at any level in our profession. This applies to brokers, bankers, lenders and the secondary market and any others involved in making home loans.

As a banker I did not have flexibility to offer a variety of rates to my borrowers. The banks management set the rates and if you wanted the loan you paid the fees and rate that were established or you went elsewhere. This is one of the differences between direct lenders and brokers that I think is in jeopardy if the Fed forces the removal of yield spread premiums. We call it YSP and it is disclosed on the GFE as well as the HUD-1 closing statement. This is not the case with direct lenders that receive compensation for higher rates but do not have to disclose it, thereby enhancing their income and not benefiting the borrower.

As a broker we have the advantage of using a wide variety of lenders with a side ranging rate schedule. While many or most are fairly close with rate the YSP can vary by over .50% for the same exact same rate on any given day. We can use these differences to lower our origination fee and still give the customer the lower rate.

Many people ask us for a no-cost loan because they anticipate either moving or rates dropping over the next year or two or because they do not have the funds to cover all the closing costs. We are always careful to inform them of the higher rate that is a result of the no-cost program. If they chose to have the lower rate, which many of them do, we give them the lower rate.

When we meet with a borrower to discuss a new loan or a refinance we do not know all of the details about the current financial situation. It is impractical if not almost impossible to give them a precise and final estimate of YSP, if there will be any at all. Until we lock a rate we do not know what that will be. If we start locking loans immediately, it takes away our ability to watch the market for downward trends. If we lock at one of our lenders and do not deliver the file then we risk losing our relationship with that lender. It puts us in a very precarious position. Most borrowers ask us for our opinion of when to lock. Sometimes we say that now is a good time, but sometimes it is best to wait.

I would hope that the FED would look at all possibilities when it comes to our compensation and how we can use that to benefit borrowers. If you eliminate YSP altogether you may also eliminate many home buyers. The changes in the programs have already made the industry step back and do the loans the way we used to before the lenders all introduced programs that made documentation easier and in some cases not necessary. We were only able to do loans in the manner that the lenders encouraged us to use. We could not force any file through them that did not meet their guidelines.

I hope that reason will prevail as the final decisions are being made. I hope that fairness across the entire

mortgage industry will be shown. It does not seem fair that brokers should be treated different than all others that make the same loans. If the studies done by the FTC in 2004 and 2007 are accurate it shows that many of the things being proposed end up causing more confusion for the borrower which can ultimately cost them in the long run.

We as broker feel that the bad press that we have been getting from the media and many in Washington in most cases is not warranted. There are bad people in all professions as well as good people. To paint mortgage brokers with a broad brush that tells the nation we are bad is unfair and untrue. Just like it would be unfair to lump all politicians into one group.

We hope that as you make rulings on this very important decision that you will consider how you wish to be treated when it comes to fair rates and fees if you were purchasing a home.

We all agree that disclosure is vital and key to better understanding and hopefully less default situations. If people were able to understand every aspect of their loan they would be less likely to run into trouble down the road. This would benefit everyone nationwide and boost our economy as well.

I thank you for all of the good efforts you put into the difficult jobs you have and I thank you for your willingness to consider and accept comments from those of us who enjoy what we do and feel gratified when we are able to help those looking for a home loan.

Regards,

Gary Lloyd
Associated Mortgage
Salt Lake City, Utah