

From: Allied Home Mortgage Capital Corp, Mark Silverberg
Subject: Reg Z - Truth in Lending

Comments:

Dear Sirs

I would like to comment on the proposed regulations with regard to broker compensation. The proposed regulations are completely unfair to the entire mortgage brokerage industry. The last year or so has been an economic nightmare. It seems that the mortgage broker is being made a scape goat for what occurred. The mortgage broker is being labeled quite unfairly as the loans which created the real estate nightmare were not created by the mortgage broker. They were created by Wall Street and the large Banks in order to increase their profitability with out any thought of the outcome. Most mortgage brokers are honest hard working people who strive to provide the best service they can to their client/borrower. If a certain loan was available and a borrower requested it then that was the loan that was applied for. Many of these no doc loan were a kin to "don't ask and I won't tell". The Broker was following the guidelines given to them by the investor/lender. Common sense has finally come back to the market place and all of these loan have been eliminated.

The mortgage brokerage industry provides a very important function as approximately 60% of all loan are generated by the brokerage industry. By elimination of par plus pricing you are in essence eliminating the mortgage brokerage industry. You are certainly creating a completely unfair market as the broker can not compete with the large banks because now they must charge a fee. You are creating somewhat of a monopoly by now forcing this business to just the operating banks who surely do not have the ability to handle this work load.

The American economy has always been based upon free competition and you are clearly not giving enough credit to the consumer who can easily shop and compare rates. With the MDIA and the new regulations that will be in place all loan officers will have to be tested and licensed. There are strict new Truth and lending regulations that will be in place so that the consumer will be well informed when comparing one lender against another. With all of the regulations that we be in place, why is a mortgage broker not permitted to make a living. The borrower clearly can compare the rate and fee between all brokers and banks. The broker on the good faith must disclose the par plus pricing yet a banker does not disclose what they are making on a loan. The broker is making the entire transaction transparent, why can they not make par plus pricing? The result of your eliminating par plus pricing will be to dramatically reduce competition which by its very nature will cause interest rates to the consumer to go up.

Please reconsider what you are doing!! Disclosure is a good thing, eliminating an entire industry and the effects that will have on the consumer, the economy and the hundreds of thousands employed in the mortgage brokerage industry is a bad thing

Very Truly yours

Mark Silverberg

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