

From: <amy@southeastmortgagefunding.com> on 04/01/2008 06:25:02 PM

Subject: Regulation Z

April 1, 2008

RE: Proposed Rule Amending Regulation Z and RESPA Reform
Docket No. R-1305

My name is Amy M. Houtchens, President of Southeast Mortgage Funding, Inc. in Atlanta, GA. As a Mortgage Broker, I perform all functions directly and indirectly related to Mortgage Banking. I have been in my field for over 19 years, and have owned my own business since 2002.

If this proposal is brought into law, it will give undue advantage to non-independent mortgage originators. It is my understanding that banks do not have to disclose service release premiums (SRP) or yield spread premiums (YSP), giving them an unfair advantage in the eye of the consumer as a perceived "better deal". As we all know, "perception is reality" and if a consumer believes it to be true, it is for that borrower.

I believe that change is good, especially in our ever-changing mortgage/financial environment. In recent years we have seen much turmoil and turnover. Many originators who came into the mortgage business were only here to make a quick buck during its recent hey day and thankfully, most of those originators have left our industry. However, those of us, who have been and will be active in the State and National Associations of Mortgage Brokers, believe in most of the changes you are creating and should be instituting quickly.

I have read that Mortgage Brokers originate more than 60% of all mortgage loan transactions in the United States today. The proposed reform of Regulation-Z would effectively eliminate the Mortgage Broker from the process of originating loans. Furthermore, it would adversely affect the borrower due to the Mortgage Broker's inability to compete.

The effect of eliminating the Mortgage Broker will have a tremendous negative impact on all communities. Title, closing attorney firms, notary service companies, credit reporting agencies, appraisal companies and numerous other affiliated industries will close because the bulk of their business is generated from relationships with Mortgage Brokers.

As a Mortgage Broker and small business owner, I have to insist on a level playing field for all originators. If Mortgage Brokers must disclose correspondent lenders and banks should be required to disclose all fees earned on a mortgage loan transaction. Not only do the banks fail to disclose SRP, they are not required to disclose future earnings based on Weighted Average

Coupons when sold to Wall Street in bulk.

In some cases, yield spread premiums are used to pay for some or all of the closing costs in a mortgage transaction. We can use the YSP to assist borrowers to qualify for better loan programs. If the appraised value comes in short we can increase the rate and use the YSP to lower the closing costs giving the borrower the best possible scenario. There is no way of determining if this will need to be done at initial application and exact disclosure of YSP is impossible at this time. We simply do not have all the pieces of the puzzle to structure the loan to guideline specifications at this stage of the transaction.

I hope that you reconsider these points, and consult with the National Association of Mortgage Brokers before making any legislative changes.

Thank you for your consideration.

Sincerely,

Amy M. Houtchens, President



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