

From: "Alan Rotz - Landmark Mortgage" <alan@landmarkmortgage.net> on 04/08/2008
01:30:04 PM

Subject: Regulation Z

I am writing to state my opposition to the referenced rule amending Reg Z. Specifically, I am opposed to the increased disclosure of mortgage broker fee's, but not all originators, prior to application and thus prior to the approval and underwriting. This will place mortgage brokers, and only mortgage brokers at a disadvantage to other originators. Why only mortgage brokers? Originators for bank and direct lenders earn SRP, Service Release Premium, just like Mortgage Brokers earn YSP, Yield Spread Premium. These amounts are disclosed on the Good Faith Estimate and Settlement Statement. But we most often do not know YSP on initial discussions with the client. We have to evaluate the credit profile of the client, and since YSP are market sensitive, in most cases we cannot accurately disclose this info on initial discussion and until we have completed evaluation. Let me state for the record, I offer my clients lower rates and lower costs than is offered by retail bank lenders.

I worked for 10 years at Bank of America and 10 years at SunTrust, finally opened a mortgage broker business in 2001 because I could offer my clients the best rates and terms in the market. If this law passes and my business suffers, you are not only hurting my small business, but you are hurting the consumer.

Yield Spread Premium is not a kick back. This is our primary compensation for originating a loan. As I already stated, I offer my clients lower rates than available through direct retail banks. The YSP is based on wholesale rates. When I go to Home Depot and make a purchase, I do not expect to pay the same price as Home Depot pays the manufacturer - same principle with my wholesale mortgage rates.

Mortgage Brokers are being unfairly singled out by this proposed ruling. Our compensation is fully disclosed to the client already. Increasing the amount of disclosure only complicates the whole process and puts the mortgage broker at disadvantage.

Thank you for considering my comments. I am not opposed to change in our industry, but this rule unfairly places the Mortgage Broker at disadvantage and will only hurt the consumer by putting the Broker out of business. Do not let the bad actions of a few Brokers affect the livelihood of those of us who do an excellent job for our clients.

Thank you.

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