

From: "Barbara Kapp" <b_kapp@hotmail.com> on 03/07/2008 07:05:03 PM
Subject: Regulation Z

I am writing to you regarding your proposed Amendments to the Regulation Z. Docket No. R-1305. While I understand you are trying to do the right thing to protect borrowers' for mortgages, this will hurt the very consumer you are trying to protect. Here are my **VERY IMPORTANT** thoughts:

We have no problem disclosing to the borrower the rate and lender fees. However, in order to do so, we need to see their credit profile. To lock a loan it is imperative that we know the credit scores and the profile of the borrower. It is impossible to enter into a viable contract where the Broker is asked to disclose the information you are requesting **IN ADVANCE** of the Broker taking a loan application! A Broker cannot even quote a rate without knowing the borrowers' three credit scores, due to the new costs that FNMA has attached to interest rates, just based on a borrower's credit scores. How can we Quote a Fair FIRM rate and disclose all costs involved without our seeing the loan application to determine ratios to qualify? We need to see pay stubs, W2's, Bank Statements, Tax returns - if they are self employed - etc... to determine exactly the product and rate to quote and disclose.

This initial disclosure you are asking for will **VERY RARELY** be accurate which defeats the purpose. Add a second GFE disclosure for the borrower to compare in this way to avoid any confusion:

RATE IS X %

COSTS FOR THIS RATE ARE LISTED BELOW:

(This is where the Broker and Lender put in the fees for the rate- FIRM).

That is it! Pure and simple, the RATE and the fees charged out of pocket to the Borrower are the sole determining factor in a good due diligence comparison of a mortgage loan. NOT how much the Broker will make by EARNING the privilege of buying the rate **WHOLESALE** and marking it up - i.e. "profit" - at or below "RETAIL", to be competitive against other Brokers and Bankers!

In some cases we also use YSP to pay for fees for the borrower to lower fees as well.

Just come up with a short additional version of the GFE, which only has a place for the rate and the lender / broker fees. That is all. Then the borrower clearly sees who has the best rate and the most aggressive fees. Pure and simple comparisons.

Brokers have access to wholesale money then we marked it up at or below Retail to be competitive against other Banks and Brokers. That is all we do. The wholesale Profit is EARNED to be a Broker and that amount of money is not the way a borrower must select his mortgage Broker. You will confuse the borrower and hurt them into making the wrong decision because **YOU** are focused on **PROFIT** disclosure, instead of **RATE** and **FEES** disclosure. The

profit is reflected in that, don't you see? If the profit is too high for a Broker, then the rate is too high and the borrower will not select that Broker.

I appreciate your consideration. Please feel free to contact me anytime on this very important issue.

Sincerely,
Barbara Kapp
Sr. Loan Processor
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