

From: Deborah Cheon <debbiecheon@yahoo.com> on 03/26/2008 05:05:02 PM

Subject: Regulation Z

TO WHOM IT MAY CONCERN,

The Federal Reserve has proposed amendments to Regulation Z. I have been a mortgage broker in Florida for 7 years and I agree with protecting the consumer from unscrupulous lending practices. However the proposal to restrict compensation for mortgages brokers will not protect the consumer. Yield Spread was designed to help the consumer with closing costs. My personal experience has allowed me to take some of the yield spread and pay for such items as appraisals, surveys, title fees, etc.. I spend numerous hours constructing the best possible loan for my borrowers and if it was broken down by an hourly wage I would be making approximately \$7.00 an hour. Many times consumers have come to me after applying at their local bank and most times their interest rates were much higher than what I could get for them. This leads me to believe that these local banks are making Yield Spread but because they are lenders they are not required to disclose that fact. As a mortgage Broker we are required to disclose our broker fee/yield spread on the Good Faith Estimate and on the HUD-1. In the midst of this crisis that we are having it is very easy to blame the Mortgage Broker but in fact it was not the Mortgage Broker that set up the loan programs nor was it the Mortgage Broker that Underwrote the file and approved the loan. If there is to be regulations it should be for ALL loan originators. The major problem with our industry now is that the market values are down and the consumer cannot refinance because they owe more than the house is worth. When the consumer chose an adjustable mortgage they were required to sign disclosures at loan application, at rate lock, and at the closing. How can the consumer not know after signing three times that they could not afford the loan? Even if the loan officer did a poor job of explaining the terms of the loan and even if the loan officer shuffled through the paperwork and the consumer did not read the disclosures surely at the closing table the attorney/notary explained in detail the terms of the loan. In my opinion adding more disclosures and putting restrictions on the compensation for Mortgage Brokers and not lenders would not benefit the consumer.

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