

From: "Michael Pollis" <mpollis@hotmail.com> on 03/26/2008 05:10:03 PM

Subject: Regulation Z

Please note that I am a Mortgage Broker located in the state of Florida. In Florida it is my opinion that the majority of mortgage loans are originated by mortgage brokers. We represent the majority of all loan originators. The State of Florida has always been active in the requirement of Broker licenses and continuing education. We are governed by the state and are required to disclose our fees and yield spreads to our customers at time of application. We must re-disclose if these fees change during the transaction. We are mandated to disclose our revenues on our GFEs as well as on the HUD One closing statement even though mortgage lenders do not have the same requirements. The reason that customers come to mortgage brokers is due to the fact we offer many products from many lenders. We never claim to represent the lender or the borrower. We are simply represent the transaction much the same way as Realtors represent a real estate transaction. I ask why is it an acceptable practice for one party to a real estate transaction, the Realtor, to be a transactional broker and we must represent the borrower? Why should a mortgage lender like Countrywide be exempt from the proposed rules when they ultimately sell their loans to the same place that we do? Why do we need to disclose our revenue and Countrywide does not? We have many expenses just as Countrywide does. I express support for the consumer protection goals of the Federal Reserve Board's proposed amendments to Regulation Z, but respectfully oppose the proposal to restrict compensation for mortgage brokers. I am more than willing to make disclosures encouraging prospective borrowers to comparison shop and explain that ALL loan originators do not represent borrowers and do not necessarily offer borrowers the most favorable terms. As a mortgage broker we must compete with direct lenders. The distinctions between brokers and lenders have blurred in recent years as lenders themselves typically package and resell loans they originate. Consumers are largely unable to distinguish between brokers and lenders, which have similar names, use similar signage, and rely on similar advertising. Consumers should not need to distinguish among mortgage originators: both government policies and the marketplace should be set up to permit consumers to get the best deal at the best price, regardless of whether they use a broker or deal directly with a lender. I insist that any disclosures apply equally to ALL mortgage originators, not just brokers. Yield spread premiums are much more than just compensation. They are used to pay certain costs and facilitate the loan transaction. Fees similar to the YSP are present in any mortgage origination distribution channel, regardless of whether a broker is involved. In the real world, requiring brokers, but not other loan originators, to make compensation disclosures enable the brokers' competitors to steer consumers away from brokers, even if brokers offer more favorable loans. Requiring brokers, but not other loan originators, to make compensation disclosures will inhibit competition, which will limit consumer choice, increase prices, and hurt borrowers. Furthermore, it is impossible to give a reasonably precise dollar estimate of fees a broker will charge in a transaction even before an application is submitted because the broker does not yet know the prospective borrower's financial status, transaction details, type of product sought, or amount of loan, all of which may vary as the transaction progresses. I suggest that the Fed consider alternatives to the proposed regulation which attempt to protect consumers in their dealings with all mortgage originators, and encourage competition on price and service. I would like to thank the Board of Governors of the Federal Reserve for considering my

comments.

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