From: "Marianne Arbulu" <mona@alphamortgage.us> on 03/26/2008 05:25:02 PM

Subject: Regulation Z

Dear Sirs;

I am a licensed correspondent lender in the state of Florida but because I do not utilize a warehouse line I am regulated under the brokerage laws of our state, specifically Florida Statute Chapter 494. We have approximately 20,000 brokers in the state and all of them are regulated by Chapter 494 in addition to Federal laws pursuant to RESPA and Federal Truth in Lending.

While I support the consumer protection goals of the Federal Reserve Board's proposed amendments to Regulation Z, I respectfully oppose the proposal to restrict compensation for mortgage brokers You must understand that mortgage broker compensation, including yield spread premiums, already are disclosed on both the GFE and HUD-1, even though there is no corresponding requirement for lenders to disclose compensation paid to their own sales staff and I consider this very unfair to a huge segment of the industry that for the most part, does an excellent job of providing financing for our customers.

You may not realize that the services that mortgage brokers provide are as an intermediary between borrowers and lenders, and the value the broker adds in the real estate transaction is by serving BOTH parties, but representing NEITHER.

Making disclosures that encourage my prospective borrowers to comparison shop is what I do. I am in direct competition with direct lenders and frankly, the customers really don't understand the nuances between us except that I can typically offer them more options. Most lenders today repackage and sell all their Fannie Mae and Freddie Mac loans and if they keep any product at all it usually falls into the portfolio ARM category.

We all look alike these days, especially with the advent of the internet and where we have had problems in our area, NE Florida Panhandle; it was from out of state lenders reaching Florida customers via the internet. I understand that our regulators have no jurisdiction over these companies but they should have if they are operating within the state.

I strongly believe that 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 - why should we be singled out as some sort of leper?

When it comes to legislation about mortgage lending and disclosures, it is imperative that any disclosures apply equally to ALL mortgage originators, not just brokers

Many of my customers are first time homebuyers who simply don't have the ability to save money for a down payment. They can barely accumulate their reserves and limited expenses such as appraisal. I often resort to yield spread to compensate myself and defer at closing

expenses off of these customers. I cannot imagine not having that tool to help them get into a home. Notwithstanding today's mortgage crisis, I have a long history of helping customers create wealth, sometimes their only wealth through the purchase of their first home.

I expect that the Federal Reserve Board does not fall into the trap of believing that yield spread premium and servicing released premiums are really different. It is a price for the loan including servicing – plain and simple. Let's face it, not many lenders are at the level of operations where they are securitizing directly to Wall Street. Most are selling to conduits in the same way a broker sells to the wholesale lender.

You must realize what an unfair competitive edge you would give to lenders if you were to single out brokers only for these types of disclosures and frankly, because I am a small broker, I am often able to provide less expensive financing to the customer because I am small and lean and can react more quickly to the market swings.

I can't believe that it is your intention to inhibit competition, which will limit consumer choice, increase prices, and hurt borrowers but that will be the result.

With all the risk based pricing changes recently implemented, it will be impossible to give a reasonably precise dollar estimate of fees I will charge in a transaction even before an application is submitted because I don't 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 respectfully request that you consider alternatives to the proposed regulation which would protect consumers in their dealings with all mortgage originators, and encourage competition on price and service.

Thank you for your consideration.

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