From: "tony" <tony@integrityfinancialservices.com> on 03/26/2008 06:40:03 PM

Subject: Regulation Z

Dear Board of Governors,

I appreciate your consideration with our concerns regarding Docket No. R-1305. My partner (Mark Spence) and I started our company, Integrity Financial Services, in January of 2005 in the State of Florida. Our company proudly employs 7 full time individuals offering employee retirement and health care benefits to our staff. Mark and I were both 12-year + tenured bankers with the 5th largest bank in America prior to making our move and going out on our own. It was a dream of ours to own our own business especially in an industry that we have been involved in for a long time. We knew the “mortgage business” would be a business with many ups and downs. To say that environment has changed over the last 3 years is an understatement. However, with the proposed changes in the above referenced docket, we believe will all but create unfair competition and eventually put brokers out of business.

We are all for consumer protection, loan disclosures, and “practical” government regulation. In fact, from the recent changes with fully disclosing yield spread as an exact dollar amount instead of a range, we believe that has actually improved customer trust and the education process borrowers should receive during their loan process. We understand that consumer protection is pertinent to our stable economy especially within the real estate industry. In addition, we believe that this market correction will in fact “clean up” our business both with imprudent bank practices as well as broker practices that have gone on over the past few years. We have already seen many of our competitors go out of business because of their transactional business approach instead of relationship business approach that we implore here at our company. However please take these concerns into consideration regarding this new docket and the potential devastating impact it may have on American Entrepreneurs trying to run a reputable business:

- Reg. Z – Our industry currently discloses yield spread premiums and broker fees as a full dollar amount where it was previously some were disclosed as a percentage. In addition any changes to this amount must be disclosed prior to 3 days minimum before closing. All amounts are fully disclosed on the Good Faith Estimate and HUD1 Settlement Statement. By requiring the yield spread premium and broker fees to be fully disclosed prior to an application will confuse and mislead consumers. For example, we consider application when the borrower has discuss their loan needs, allowed us to review credit and verbally discuss income and assets so we can make our determination of what potential loan programs (Fannie, Freddie, FHA) will meet their needs. If for example our lenders impose a credit score rate adjustment, which is now implemented in our market, someone’s rate and or fees could drastically change long after the YSP and any broker fee has been disclosed. It is impossible to know what a customer may qualify for hence, determine rate, fees, etc, without formal application.
  In addition banks are NOT required to provide disclosure of compensation to their staff or directors on each loan which we know very well there are commission, bonuses, etc. being passed on. It is currently unfair competition in our environment and now this change in the regulation would benefit banks or other originators without these required disclosures, even more.
- In the past we have found that “over disclosures” can in fact create more confusion in a borrower’s process than add value and the education intended. We believe fair trade and competition is good for consumers and borrowers. Increasing the regulation for brokers but not banks or other loan originators will hurt the consumer in the long run. These additional disclosures imposed to brokers may allow competitors to steer consumers away from potentially a better loan simply because they do not need to disclose some of the same information. We can envision banks and other originators taking advantage of borrowers that may not understand loan policies as much as others and “spinning” their loans to be superior although they may not be. In a true capitalistic market, for the customer to receive the best possible program, everyone

must play on the same field.

We appreciate the challenges your board faces and understand the importance of regulation. We would only hope you consider the effects on the companies that do the “right” business and pride themselves on educating customers and delivering products and services promised. These changes to Reg. Z would immediately hinder the ability to deliver this service and eventually lead to unfair competition ultimately hurting the people we are trying to help, our consumers.

Best regards,

Tony Paredes
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