

From: "Daryl Beier" <horizon@mwt.net> on 03/26/2008 07:10:03 PM

Subject: Regulation Z

To Whom It May Concern:

First, I would like to say thank you to the Board of Governors of the Federal Reserve System for being concerned about consumer protection for I also adamantly support new consumer protection goals; however, I respectfully oppose the current proposal to restrict compensation for mortgage brokers for the following reasons:

Mortgage brokers provide services as an intermediary between borrowers and lenders. Brokers also add value in a real estate transaction by serving BOTH borrowers and lenders, but represent neither. In order to stay in business, mortgage brokers are not only forced to compete with direct lenders, but they are being forced to compete with direct lenders on an un-level playing field. The distinctions between brokers and lenders has become blurred in recent years, as lenders now package and resell many of the loans they originate; because of this, it is becoming difficult for consumers to differentiate between brokers and lenders, many of which have similar names, use similar signage and rely on similar advertising methods.

Because of this, mortgage disclosures need to apply **equally** to ALL mortgage originators, not just brokers. Yield Spread Premiums are much more than compensation, in fact, without YSP a mortgage broker would not be able to break even on a traditional loan transaction, say nothing about make a profit. Requiring mortgage brokers, but not other loan originators, to make compensation disclosures to customers creates a tremendously steep playing field for mortgage brokers and will allow the mortgage broker's competition (banks) to steer consumers away from mortgage brokers, even if mortgage brokers are offering more favorable terms in regard to interest rates, etc.

Further, it is impossible to give a reasonably precise dollar estimate of fees to a customer that a loan originator will charge in a transaction, because at the time of application the broker does not yet know the prospective borrower's financial status, transaction details, type of product being sought or amount of loan, all of which can and often do vary as the transaction progresses. Because of this, alternatives to the proposed regulation **MUST** be considered that will actually protect consumers in their dealings with ALL mortgage originators, and encourage **FAIR** competition on price and service.

I would like to thank the Board of Governors of the Federal Reserve for considering my comments and **PLEASE** keep in mind, we need to find a way to create a level playing field for ALL loan originators, yet protect consumers in regard to service, competitive pricing and fair treatment.

Sincerely,

Darold Beier

Richland Center, WI