From: "Randy Mitchelson" <randymitchelson@comcast.net> on 03/28/2008 12:30:30 PM

Subject: Regulation Z

I am a licensed mortgage broker in Florida.

At the peak of the recent real estate boom there were 80,000+ licensed brokers and if you check the numbers you will see that today over 30,000 have left the business....a dynamic of a free market.

In Florida, licensing requires 24 hours of classroom instruction as well as a passing grade of a state test. In addition, you must submit fingerprints so a criminal background check may be performed.

I 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

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.

I have almost 15 years retail banking experience. I am very familiar with the training and talent levels of retail bank branch staff. I have worked for Bank of America and KeyBank for example. I estimate that at least 80% of these customer facing associates are UNQUALIFIED to carry on a mortgage conversation with customers. In fact, it is a key reason why I chose to go into the mortgage business for myself.

As a licensed broker I can provide a level of service, knowledge and professionalism for mortgage clients that is unattainable by most lender employees. As an independent party in the transaction I can protect the borrower from the pitfalls posed by banks. I wish I had a dollar for every client conversation I have had where the client had been misled by a bank, putting their purchase transaction and deposit in jeopardy.

I am happy to make disclosures encouraging prospective borrowers to comparison shop and explaining that ALL loan originators do not represent borrowers and do not necessarily offer borrowers the most favorable terms.

Retail banks typically package and sell their loans on the secondary market and earn a premium for doing so that is priced into the rate, undisclosed to the client, so why is there a different set of rules for brokers?

Any disclosures should apply equally to ALL mortgage originators, not just brokers.

Requiring Brokers, but not other loan originators, to make compensation disclosures will inhibit competition, which will limit consumer choice, increase prices, and hurt borrowers. Remember, this is a free market society. Government should take appropriate steps to protect consumers, but not create an unfair playing field amongst competitors.

Functionally, 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 am happy to provide a reasonable range of possible fees at that point.

Please remember that the heart and soul of our great economy is driven by small business. As a small business owner I can tell you without reservation that the enactment of legislation which further restricts competition and widens the gap of disclosure between broker and banks will destroy the mortgage broker industry.

I want to thank the Board of Governors of the Federal Reserve for considering my comments.

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