

From: "Ron Dubois" <radcpa@cfl.rr.com> on 03/28/2008 02:00:03 PM

Subject: Regulation Z

March 28, 2008

Re: Docket No. R-1305

Dear Ms. Johnson:

My name is Ronald A. Dubois and I am a Certified Public Accountant as well as a Mortgage Broker. I have carefully reviewed the proposed rule amending Regulation Z and found some significant points which I believe will create unfair competition between mortgage originators. I respectfully submit the following points and ask you to consider them.

I am in full support of the consumer protection goals of the Federal Reserve Board to amend Regulation Z, but I respectfully oppose the proposal to restrict compensation for mortgage brokers. In my experience and observation, mortgage brokers provide collection of data and serve as an intermediary between the borrower and the lender. The lenders dictate all the rules for each loan and their underwriters review every paper and decide whether or not to underwrite the loan. The broker adds a valuable service in each real estate transaction by serving both the lender and the borrower but representing neither. A broker explains all of the available options that the lender is offering so that the borrower can make a fully informed decision.

At present, there is strong competition between mortgage brokers and direct lenders. Personally, I have found that as a mortgage broker, I have to explain to every borrower the difference between the broker and the lender because in recent years lenders themselves typically package and resell the loans that they originate. Consumers for the most part cannot distinguish between brokers and lenders. They have similar names, use similar signage and rely on similar advertising. Any disclosures **MUST** apply **EQUALLY** to **ALL** mortgage originators, not just brokers for this reason.

Yield spread premiums are used for more than compensation to the broker. Very recently I had a situation in which I gave most of the yield spread to the borrower in order to cover costs and fees charged by the lender. I believe this was part of the intent for yield spread premiums. I do all possible to fully educate and inform every borrower that I serve. I show them how I get paid and give them the option to decide how I get compensated, either by yield spread or by paying a loan origination.

If only mortgage brokers but not other loan originators are required to make compensation disclosures, this will enable the broker's competitors to steer consumers away from brokers, even if brokers offer more favorable loans. *Fair competition is the way to ensure*

consumers get the best possible terms for their transaction.

The proposed rule requiring brokers to give reasonably precise dollar estimates of fees a broker will charge, even before an application is submitted, is impossible. The broker does not even know at that point anything about the borrower's financial status, transaction details, type of product sought, or the amount of the loan. Each of these details changes the fees as the transaction progresses. Each lender has different fees. It is impossible especially with rates, fees, and yield spreads changing so drastically multiple times a day with every lender to give any type of dollar estimate. I do not see how this is possible. The lender's originators would definitely have the ability to make it up on the lender's end in a transaction and it is extremely unfair to the independent broker who can choose the Lender who can give the best rate for the consumer.

Please consider alternatives to the proposed regulation which would protect consumers in their dealings with all mortgage originators and which will encourage competition on price and service. Thank you so very much for considering my comments. I know you want fair competition for all Americans in these very trying times.

Respectfully yours,

Ronald A. Dubois

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