

From: "Shannon Bard" <sbard@intellichoicefs.com> on 03/28/2008 07:40:10 PM

Subject: Regulation Z

Board of Governors of the Federal Reserve:

As an owner and Responsible Individual for a licensed Mortgage Broker in Arizona, I am writing to express my support for the consumer protection goals in the Federal Reserve Boards proposed amendments to Regulation Z. However, **I strongly oppose the proposal to restrict compensation for Mortgage Brokers.**

Not all Mortgage Brokers are "bad guys", just as not all Bankers and businesses in other industries (like Savings & Loans and Accounting) are guilty because a few thought they were above the rest of us. Mortgage Brokers provide a valuable service to consumers, acting as an intermediary between borrowers and lenders....much the same way a real estate agent serves both the buyer and seller, but represents neither. Mortgage Brokers have access to multiple lenders programs which gives them the unique ability to provide a broad selection of options for consumers. Mortgage Brokers compete with direct lenders, who in fact, broker product the same way Mortgage Brokers do. In some cases the direct lenders have wholesale divisions that cater to Mortgage Brokers AND a retail arm that competes directly with the wholesale division. It is common practice for the wholesale divisions of lenders to actually notify the retail division when a refinancing transaction is brought to them by a Mortgage Broker so they can try to take the business away from the Broker.

Much has been said about Mortgage Brokers having a different relationship with consumers than Banks or direct lenders...that there is somehow a cloak of greater responsibility that should be worn by Mortgage Brokers. This is simply not fair and will tip the scales to the point that Mortgage Brokers will not be able to compete with their larger, deep pocketed competitors (Banks & direct lenders). What is fair and would be welcomed is to have any disclosures apply to ALL mortgage originators, not just Brokers.

Having Mortgage Brokers give a precise dollar estimate of fees, even before an application is submitted, is not practical. There is no way for a Mortgage Broker to know how to price a loan without knowing the borrowers financial status, type of transaction, amount of loan, etc...all of which vary and impact the process differently as the loan progresses. This would be the same as asking an auto dealer or insurance agent to quote the cost of their product or service without having had the customer fill out an application. If only Mortgage Brokers are required to give precise estimates of their fees and Banks and direct lenders can continue to bury their fees and loan origination costs in the rates....including service premiums that are not disclosed to the borrower, the consumer will be fooled into taking the bait of "No cost loans" & "Nobody can do what CW can"...and we all know how that's turned out.

I have been very active on a local and national level to support regulation that protects the consumer. I respectfully ask the Fed to consider alternatives to the proposed regulation which would encourage competition on price and service while protecting consumers in their dealings with ALL mortgage originators.

Thank you, in advance, for your consideration of my comments.

Regards,

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