

From: Amanda Hedgecock <mandakay73@yahoo.com> on 03/30/2008 12:30:03 PM

Subject: Regulation Z

To whom it may concern:

I'm writing this in response to The Fed's proposed rule to amend Reg Z. I operate a mortgage broker business in FL and wish to express my concern w/ this new proposed rule. I am just 1 of thousands of mortgage brokers that work hard to earn a living and vehemently opposed to the notion of our livelihood being ripped away from us. Mortgage brokers have come under much scrutiny as of late and the laws that govern our industry have become increasingly more strict in an effort to curb some of the less-than-ethical practices that have caused much of the problems we're currently experiencing. I fully support stricter laws to ensure that mortgage business is conducted at the highest standard and with a higher code of ethics. I don't think that the answer to the problems we face is to take away from hard working individuals the ability to make a living as a loan officer or independent owner of a mortgage broker business.

I wish to express 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. Mortgage brokers provide a valuable service as an intermediary between borrowers and lenders and the value the broker adds in the real estate transaction by serving BOTH parties, but representing NEITHER, is another added benefit of our relationship in the transaction.

I'm in support of and have a willingness 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. Mortgage brokers must compete with direct lenders, and the distinction between brokers and lenders has been blurred in recent years as lenders themselves typically package and resell loans they originate. Consumers are largely unable to distinguish between brokers and lenders, which have similar names, use similar signage, and rely on similar advertising. Consumers should not need to distinguish among mortgage originators: both government policies and the marketplace should be set up to permit consumers to get the best deal at the best price, regardless of whether they use a broker or deal directly with a lender.

I strongly suggest that any disclosures apply equally to ALL mortgage originators, not just brokers. Yield spread premiums are much more than just compensation and are often times used to pay certain costs and facilitate the loan transaction. Fees similar to the YSP are present in any mortgage origination distribution channel, regardless of whether a broker is involved. The fact of the matter is that if these laws are implemented, requiring brokers, but not other loan originators, to make compensation disclosures enable the brokers' competitors to steer consumers away from brokers, even if brokers offer more favorable loans. Moreover, requiring brokers, but not other loan originators, to make compensation disclosures will inhibit competition, which will limit consumer choice, increase prices, and hurt borrowers. 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 Suggest that the Fed consider alternatives to the proposed regulation which would protect consumers in their dealings with all mortgage originators, and encourage competition on price and service. I thank the Board of Governors of the Federal Reserve for considering my comments.

Warmest Regards,

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