From: Gail Guy <gail@mortgagesbygailg.com> on 03/31/2008 09:15:01 AM

Subject: Regulation Z

I am Gail Guy, a mortgage broker in South Florida located in Fort Lauderdale. I am a member of the Florida Association fo Mortgage Brokers/FAMB as well as our National organization, NAMB.

Our industry has always been supportive of consumer protection goals of the Federal Reserve Board, specifically with regard to Regulation Z. However, it is the recent proposals regarding compensation for mortgage brokers that I oppose and would like to comment on.

As a mortgage broker, we serve as a intermediary between the lenders and the consumer, serving both parties but representing neither party. We compete with direct lenders who in today's market are difficult to differentiate as lenders typically package and resell loans they originate. Consumers find it difficult to distinguish between brokers and lenders with similar names, use similar signage and rely on similar advertising.

The difference between applying for a loan in a retail banking branch with an unlicensed loan originator, or applying for the same loan with a licensed mortgage broker is non-existent when it comes to underwriting criteria, availability of loan programs, feasability and net benefit analysis to the consumer, etc. However, overhead costs, expertise and training of the originator, and other service related variables distinguish these two originators.

If disclosures are to adequately help consumers with their loan terms and conditions, they need to apply to **all** mortgage originators, not singling out mortgage brokers.

Regarding Yield Spread Premium issues for the consumer, let's be clear on what a yield spread premium is. Although many characterize the YSP as broker compensation, this is a dangerous misconception. The costs of the loan to a broker is similar in structure as the cost of any product to a retail operation. A broker prices their loans in a similar fashion as a retail operation by adding a margin (yield spread premium) to competitively price a loan(product) in the marketplace. Do retailers disclose their wholesale costs and profit margins when a customer is at the register?

In the competitive environment of today's mortgage industry, if one party must present pricing information differently than a competing party due to the classification of the core business, there is an unfair playing field and the consumer will be misled. If Banking loan originators do not disclose their profit margins on the loan, but mortgage brokers must detail in writing and verbally our profit structure, the consumer will be misled.

Most alarming is the lack of understanding by legislators of the loan process. When considering what and when disclosure is adequate to protect the consumer, one must understand how a loan is underwritten and priced. The variables that impact a consumer's closing costs, interest rate, availability of credit , are not fully disclosed and/or verified ***prior*** to the application process with a consumer. It is impossible to give a reasonable estimate of costs ***prior*** to the initial stages of the underwriting qualifying that takes place in the application process.

Please consider alternatives to the proposed regulation that would protect consumers in their dealings with **ALL** mortgage originators (not just mortgage brokers), so we can compete on price and service on a level playing field, thereby eliminating confusing differences in standards of business practice for those providing the same financial service.

Our NAMB and FAMB legislative committees actively pursue the governing bodies to help them understand the true dynamics of the mortgage business. There is an abundance of misinformation in our media today as the mortgage industry undergoes a much needed correction. Please continue to take the time to understand the true impact of recent proposed legislation.

Thank you for considering my comments.

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