From: "Chuck Brenchley" <cbrenchley@tampabay.rr.com> on 03/31/2008 11:05:04 AM

Subject: Regulation Z

March 31, 2008

Re: Docket No. R-1305: Proposed Rule Amending Regulation Z

Greetings,

I am a mortgage broker operating in Tampa, FL. and a member of both Florida Mortgage Brokers Association and National Association of Mortgage Brokers. Also, on March 20th, 2008, I completed the "Ethical Decision Making" course offered by NAMB.

First let me say I support the work of the Federal Reserve Boards efforts to protect consumers from unlawful, unethical and fraudulent practices that take place in the mortgage business.

I would like for you to carefully consider my comments regarding the above mentioned proposed rule change. While the proposed amendment of Regulation Z puts in place some useful consumer protections, there are areas that need additional attention.

As the amendment currently stands the rule would require brokers, **but not mortgage originators**, to disclose the specific dollar amount which the broker would earn from a transaction. This disclosure also is to be made prior to submitting an application. I do not have any issue with full disclosure of fees, broker fees or yield spread fees. I believe the consumer should understand who is paying the fees and how much the fees are.

Here is the difficulty with the proposed rule change. One, there should be no distinction between mortgage brokers who take an application or mortgage originators who take an application. To do so would allow an unfair competitive advantage to banks, and lending institutions that routinely use originators over smaller independent mortgage broker businesses that do not use originators. This unfair competitive advantage to loan originators encourages the steering of consumers away from mortgage brokers even if the broker has more favorable terms.

Second, the disclosure is to be made prior to securing an application. This is just out of order in the loan process. In my business, we receive a mortgage broker fee that is plainly stated on the Good Faith Estimate and the HUD closing document. We receive no yield spread from the lending entity. This mortgage broker fee is calculated as a percentage of the loan amount. The loan amount cannot be determined until the broker and the consumer have agreed on the amount of the loan based on the needs of the consumer which is done during the application process. The loan amount is a result of the borrower’s financial status, transaction details and the type of property used as collateral, all of which can change as the loan process progresses.

Third, new APR “triggers” would classify most loans as ”higher cost” loans thus eliminating choices available to the consumer and reducing the ability of some applicants of even receiving a loan. It is my opinion the consumer is harmed far more by variable rate loans than loans with a higher fixed rate. To institute the new triggers would have the unintended consequence of eliminating mortgage broker businesses, reducing competition for loans and decreasing consumer choices.

Please do not let the proposed amendment to Regulation Z become rule.

Sincerely,

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