From: EChauhan@aol.com on 03/31/2008 05:20:05 PM

Subject: Regulation Z

I work for a Mortgage Broker for the past 6 years in the State of California. After reviewing some of the policy in Docket R 1305, I would like to encourage the Fed to reconsider certain items as they relate to high cost loans and mortgage broker compensation disclosures.

1. It seems like the definition of 'high cost' loans has a low threshold as far as maximum rate. When market conditions and loan pricing can fluctuate with volatility, even loans that typically would qualify as an Alt-A or Jumbo loan would potentially fall into the high cost class, therefore triggering the restrictions within. Perhaps a higher threshold would be prudent in weeding out the loans that are truly 'high cost' by category, while maintaining enough 'cushion' to account for rapid pricing changes within the mortgage distribution channels, for both brokers and direct lenders.

2. While I do certainly support the need for some further regulation to support consumer protection, I believe the proposal to restrict mortgage broker compensation is punitive to an industry that would like to be known as a 'trusted advisor' to the consumer. We typically neither represent the lender, nor borrower, however we serve both sides of the transaction. Whereas, the direct lender's loan originator is only representing the lender's best interest, while not having to disclose what their sales staff compensation would be. Most direct lenders do NOT hold their loans on their books. They also liquidate their loans on the secondary market, just like a brokered loan typically would do, so therefore the compensation channels are pretty much the same, but the direct lender is unfairly exempt from disclosing their premiums received.

Mortgage brokers already have to comply with the HUD and GFE regulations regarding their compensation. In some cases it would be impossible to estimate a brokers compensation at the time of application,for a loan if we did not yet know what type of program the borrowers will eventually settle upon, or what type of program that the lender actually approves for them. It is typical for programs, rates, guidelines and market conditions to change whilst a loan is being processed, so therefore committing a broker to a maximum compensation structure upfront would be unfair since the level of service and degree of difficulty may vary within the loan itself.

I believe that if such disclosures are mandated, then they should apply to ALL mortgage origination, not only brokers. Fees similar to YSP are present in any mortgage origination regardless of whether a broker is involved. If the consumer is to comparison shop, then the playing field for the competitors should be level and fair!

I would hope that the Fed considers alternatives to the proposed regulations which would still protect consumers when dealing with ALL mortgage originators and continue to encourage competition on price and service.

I thank the Board of Governors for considering these comments!!

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