

From: Wayne4Mortgages@aol.com on 03/31/2008 06:00:07 PM

Subject: Regulation Z

To whom it may concern:

I am a mortgage broker in Delray Beach, FL and I am writing regarding the new proposed rule amending Regulation Z. Having been a mortgage broker since 1993, I have noticed a lot of changes in our industry. Most of these have been good changes, even though they unfairly apply to only mortgage brokers and NOT all mortgage originators, which they should.

We constantly compete with direct lenders in our business and, in recent years it has become more difficult to tell who is a lender and who is a broker. The lenders originate loans, which they do under the disguise of being a lender to then sell these loans off. They are not originating as lenders then, but as brokers, the same as me, yet different rules apply to them.

Any changes that come about MUST apply equally to both.

We, as mortgage brokers, usually make our compensation through yield spread premiums, but this can be more than compensation, as many times we use these premiums to also pay certain costs and help facilitate the entire loan transaction.

It can be almost impossible to give an exact or even reasonable estimate of fees that we charge before an application has been submitted as we do not always know the borrower's financial status, definite loan product (as borrowers often change their minds), the exact amount of the loan (as lenders will change loan amounts to make the loans "work" or due currently to under appraising), or the exact details, as even credit scores can change from when we originally meet with the borrower until their loan may be submitted.

Here in Florida, under FS 494, which governs our industry, we are required to give the borrower at the time of application the MAXIMUM fees we will make on this loan, allowing us to make the proper adjustments as the market fluctuates, the ratios are determined, etc. We then have to re-disclose 3 days prior to closing OR within 3 business days of whenever a significant change is made to the loan (ie: loan is locked), so that the borrower knows precisely at that time how much we are making on the loan transaction. This is a much more acceptable way of handling this and is doing very well for me and my borrowers.

As a mortgage broker, I provide a service to my borrowers and act as an intermediary between the lender and the borrower, which helps to facilitate the real estate transaction by serving both parties, but not representing either. It can be hard for us competing in today's market when the borrower is constantly confused how who they are actually dealing with as lenders use similar names, similar signage and similar advertising, which confuses them.

Please work on a better program which allows us to keep our yield spread premium, makes any disclosures apply to ALL originators, not just mortgage brokers, and allows us to use a program similar to what is already in place in Florida and does not give the borrower and upfront CAP on how much they are going to be charged.

I thank the Board of Governors of the Federal Reserve for taking the time to read my comments and hope that you will take them into consideration. The mortgage brokers serve a valuable place in the real estate financing process and should not be eliminated.

Create a great day!

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