

From: "Bryan L. Garrity, J.D." <bryan@awardmtg.com> on 03/31/2008 06:55:05 PM

Subject: Regulation Z

Board of Governors of The Federal Reserve:

I am writing in reference to Docket No. R-1305. My name is Bryan Garrity and I am a mortgage originator in the San Diego metro area.

I want to express my support for the consumer protection goals that this measure is trying to accomplish however I am very concerned and oppose the section of this Docket that would restrict compensation for mortgage brokers.

For one, it appears that someone not familiar with how a mortgage broker operates put forth such a proposal or the lobbyists for direct lenders had an impact on how this Docket would be framed.

A mortgage broker is there to work as an intermediary with a client and proposed lender for the benefit of all parties. As a broker, we are able to facilitate getting the client the best possible loan for their current situation or circumstance rather than having them restricted to one type of loan, one level of service, one forced rate etcetera. As a broker we mediate. We make sure that the client is being placed in a situation congruent with the lender where the loan is being placed and that the lender meets the needs of the client and vice versa.

Disclosures of any kind with respect to real estate financing should apply to all parties. It does not make sense that it only apply to brokers. Direct lenders are making money per transaction and the fact that they are not required to have some form of disclosure as to their compensation does not make sense. The lines have been blurred between brokers and direct lenders in this market as many lenders just package and sell the loans on the secondary market making a profit.

I think it is very difficult for consumers to distinguish between brokers and a direct lender and to have different levels of disclosures feels discriminatory. Direct lenders often market themselves and sell their services the same as a brokerage. Your average client would not know the difference yet the broker is being held to a different standard.

YSP or yield spread premiums are more than just compensation for our services. It enables borrowers to make decisions as to whether they want to finance everything into their loan by paying a higher rate possibly or buy compensating us up front and getting a par or wholesale rate. It provides for flexibility and value added benefits for the consumer. It provides flexibility with loan terms and options and financing of closing and other associated costs in a purchase or refinance transaction.

To require that disclosures of compensation paid to a broker is something that must be entered into prior to application doesn't make sense. It would be nearly impossible to give a precise dollar figure at that moment of first discussion with the client. There are many variables still

unknown or unconfirmed at that time which would greatly enhance or deter from the rate we are available to offer. Some of the considerations such as actual appraisal, credit scoring, confirmation of client's income and assets, and other items that may need to be taken into account to get an accurate rate and compensation table are not available at this juncture.

The fact that this law would be put into place will only steer people away from mortgage brokers despite direct lenders making the same type, if not more, compensation from loans that they do which they then sell into the secondary market for a tidy profit. It just doesn't make sense and feels unconstitutional. It seems to be an attempt to not only steer consumers away from brokers thus limiting their actual options but to put us out of business.

I urge you to consider alternatives to this disclosure requirement and that the playing field be even for everyone. If mortgage brokers are required to do something then direct lenders should be as well. This will keep the capital market open and provide opportunity for consumers to get the best rate and program to fit their situation!

Thank you Board of Governors for your time in reviewing this information and for your thoughtful consideration.

Bryan L. Garrity, J.D.

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