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Subject: Regulation Z

3/26/2008

My name is Joel Lundberg and I'm the owner of Wave Lending Group...a mortgage brokerage in Puyallup, WA.

I'm in full support of the consumer protection goals of the Federal Reserve Board's proposed amendments to Regulation Z, but respectfully oppose the proposal to restrict compensation for mortgage brokers. This will absolutely create an unfair playing field when competing against large banks.

Mortgage Brokers are the "go between" or the intermediary between all parties involved in the transaction. We add an immense value to all parties involved in the transaction, but represent neither party. We are often found talking to interested parties late into the evening or on weekends, educating them every step of the way through the purchase or refinance transaction. Purchasing a home should be an exciting time, and it is my goals to educate borrowers as thoroughly as possible.

I compete with the large big box banks and earn Yield Spread Premium on loans to help cover borrowers' costs and give them more flexibility. If this is taken away, I'll lose the ability to compete against banks because they don't need to show Yield Spread Premium or Service Release Premium, even though they certainly are compensated for this, and are then compensated on the open market again when they sell to investors.

The public thinks of banks and brokers as one in the same...we use the same signage, similar marketing avenues, similar dress...In the eyes of the public we are the same, but brokers are different in that the service and knowledge we provide are far superior to big banks. Furthermore, any additional disclosures we need to provide our clients as brokers, should be mandated to all lenders, big and small. Since we work within the same field of providing mortgage financing, brokers have nothing to hide, and banks should be as open as we are to disclosing all pertinent information. If banks have "special" rules different than ours, that certainly will not help eliminate confusion in the market place.

Yield Spread Premium helps the consumer by keeping their closing costs down and gives them options they may not have. Sure, some of the YSP is profit to me, but why should that be illegal...Every business out there in America is in business to make a profit, unless they are a non profit. People don't choose to do business with me because I'm the lowest rate in town (although sometimes I am)...they choose to do business with a person who cares about their well being, and wants to ensure they have a great loan for them now and in the future.

This is why I often close loans for several family members within each family. My business is based on referrals from happy clients who refer me because I do an outstanding job. Why should this be taken away from our clients? If I can't make YSP as law currently allows, I'll certainly not be able to stay in business...especially when the big banks are laughing all the way to the deposit box...Big banks will be the only ones who would benefit...definitely NOT the consumer. With mortgage brokers exiting the business if this passes, banks certainly won't be improving their service, rates, etc they provide...with the competition eliminated by the gov't they won't have to. Why would they?

In regard to accurately disclosing to the borrower UP FRONT how much Yield Spread Premium we'll be paid to the dollar, it is impossible to know this most of the time. There are so many variables that are unknown at that time...Mortgage Insurance, no mortgage insurance, Conventional, or Govt, Cash out, or no cash out, can the borrower provide full documentation, is the property unique, is the property located in an area that is declining in value...All of these are examples of the 100's of unknown scenarios that present themselves every time a person comes to my office. Even if we think we know how things will go ahead of time, many things vary as the transaction progresses.

The Fed should consider alternatives to the proposed regulation which would protect consumers, while encouraging competition on price and service. Large banks would be the only winners in this if it goes through as written...Since mortgage brokers write 65% of all loans in the United States, I'd be willing to bet, that many people employed by the Federal Reserve have used mortgage brokers to secure financing on their homes...Why? Keep the playing field a level one; while at the same time protect the consumer.

Thank you to the Board of Governors of the Federal Reserve for considering my comments and heartfelt emotions on these issues.

Joel Lundberg