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Subject: Regulation Z

As a long-time mortgage broker operating in Los Angeles, San Francisco, Park City and Las Vegas, we applaud the Fed's efforts and are in full support of your consumer protection goals. However, we strongly oppose the proposal to restrict compensation for mortgage brokers. While the press may like to characterize all mortgage brokers as some sort of dastardly scum, most of us are anything but. We have built our business on the foundations of honesty and integrity and are troubled that we have become so vilified in today's real estate market. I have worked for 20 years to build a reputation in the communities we serve and now, I find that the Federal Government is proposing rules that will essentially put us out of business and harm the consumer.

Mortgage brokers provide as an intermediary between borrowers and lenders, and the value the broker adds in the real estate transaction by serving BOTH parties, but representing NEITHER. We must compete with direct lenders, and in recent years, the distinctions between brokers and lenders have blurred as lenders themselves typically package and resell loans they originate. Consumers are largely unable to distinguish between brokers and lenders, which have similar names, use similar signage, and rely on similar advertising. Any disclosure modifications must apply equally to ALL mortgage originators, not just brokers. As t of the Fed proposals, yield spread premiums are to be limited. The problem is yield spread premiums are much more than just compensation. They are used to pay certain costs and facilitate the loan transaction. If such legislation is passed, in the real world, requiring brokers, but not other loan originators, to make compensation disclosures, will only enable the brokers' competitors to steer consumers away from brokers, even if brokers offer more favorable loans. In addition, it will be virtually impossible in most situations to give a reasonably precise dollar estimate of fees a broker will charge in a transaction even before an application is submitted because the broker does not yet know the prospective borrower's financial status, transaction details, type of product sought, or amount of loan, all of which may vary as the transaction progresses

As I indicated in my opening remarks, we are all for any changes that can be made to weed out the bad seeds in our industry. However, we strongly suggest that the Fed consider alternatives to the proposed regulation which would protect consumers in their dealings with all mortgage originators, and encourage competition on price and service

Thank you for your consideration.

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