

From: "Mark H. Smith" <mark@victoriacapitalinc.com> on 03/31/2008 09:00:05 PM

Subject: Regulation Z

Dear Sir/Madam

I am writing to express my point of view regarding the Federal Reserve Board's proposed amendments to Regulation Z, a view which I know is shared by many thousands of hardworking and honest loan brokers who have their client's best interest at heart.

Of course your goals of consumer protection are admirable and essential but I but respectfully oppose the proposal to restrict compensation for mortgage brokers and create an unlevel playing field for brokers compared to direct lenders.

The distinction between broker and direct lenders has become blurred recently as most direct lenders package and sell their loan on to other parties and servicers: many consumers are largely unable to distinguish between brokers and lenders, which have similar names, use similar signage, and rely on similar advertising. It is unfair to legislate that brokers have to disclose more than these direct lenders.

The use of yield spread premiums are much more than just compensation - they allow brokers to credit various fees and costs to the borrower to help them achieve their financial goals at competitive rates and terms. I have helped many people from many walks of life obtain much better rates and terms they they have been quoted from direct lenders and can provide many testimonials to verify this. Adding extra confusing disclosures for brokers will enable the brokers' competitors to steer consumers away from brokers, even if brokers offer more favorable loans.

Not only will these extra disclosures cause an unlevel playing field between brokers and lenders and cause many brokers to lose their livelihood but some of the requirements of these new disclosures will be impossible to adhere to. It will be often impossible for a broker to provide reasonably precise dollar estimate of fees they 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.

I would urge you to consider alternatives to the proposed regulation which would protect consumers in their dealings with all mortgage originators not just brokers and thus encourage competition on price and service

I would like to thank the Board of Governors of the Federal Reserve for considering my comments

Respectfully

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