

From: "Nationsway Mortgage" <nation99@bellsouth.net> on 03/31/2008 10:55:05 PM

Subject: Regulation Z

1. Carlton Ferguson, Licensed Mortgage Broker, State of Florida, Orlando
2. There are approximately 70,000 active mortgage brokers in the State
3. Mortgage Brokers are licensed by the Department of Finance, through the State of Florida Lending Act and Regulation Z
4. We support the consumer goals of the Federal Reserve Board's proposed amendments to Regulation Z, but respectfully oppose the proposal to restrict compensation for mortgage broker. It should be one rule for all suppliers of mortgage and home loan services across the board.
5. Currently, mortgage broker compensation, including yield spread premiums, already are disclosed on both the GFE and HUD-1, even though there is no corresponding requirements for lenders to disclose compensation paid their own sales staff. All loopholes should be closed so that the consumer and homeowner are fully protected.
6. Mortgage brokers provide valuable services as an intermediary between borrowers and lenders, with some 68% of mortgage origination supplied by brokers. The broker adds tremendous value in the real estate transaction by serving both parties but representing neither.
7. Brokers do have a willingness to make disclosures as should lenders encouraging prospective borrowers to comparison shop and all loan originators do not represent borrowers and do not necessarily offer borrowers the most favorable terms.
8. Note that mortgage brokers must compete with direct lenders, and the distinction between brokers and lenders have blurred in recent years as lenders themselves typically package loans and resell loans they originate creating the greatest potential for abuse.
9. Consumers generally are unable to distinguish between brokers and lenders, which have similar names, use similar signage, rely on similar methods and means of advertising and appear identical as a broker.
10. Consumers should not be burdened with the need to distinguish among mortgage originators: both government policies and the marketplace should be set up to permit consumers to get the best deal at the best price, regardless of whether they use a broker or deal directly with a lender. The greatest consideration must be for the protection and benefit of the consumer.
11. Consequently, ALL disclosures must therefore apply equally to ALL mortgage originators, not just brokers and specifically geared towards the interest of the consumers.
12. Yield spread premiums are much more than just compensation, and are used to pay certain costs to facilitate the loan transaction such as when a borrower is short cash for a down payment and/or closing costs.
13. Consider that fees similar to YSP are present in any mortgage origination distribution channel, regardless of whether a broker is involved.
14. In the real world, requiring brokers, but not other loan originators to make compensation disclosures enable brokers' competitors to steer consumers away from brokers, even if brokers offer more favorable loans and terms. This could have a devastating effect on both the broker and consumer communities and the economy generally.
15. Requiring brokers and not other loan originators to make compensation disclosures will inhibit competition, thereby limiting consumer choice, increase prices, and hurt borrowers.
16. Because of all the circumstances involved in providing a loan including knowledge of the prospective borrower's financial status, transaction details, type of product sought or qualify for, or amount of loan all of

which may vary as the transaction progresses it is impossible to give a precise dollar estimate of fees a broker will charge.

17. I humbly suggest that the Federal Reserve consider alternatives to the proposed regulation which would protect consumers in their dealings with all mortgage originators, and enact laws and rules that will encourage competition on price and service.

18. All of us in the mortgage brokerage business thank the Board of Governors of the Federal Reserve for their initiatives in finding a workable, fair and long lasting solution to the mortgage business and for considering the foregoing comments. The majority of us are honest, hardworking with a high sense of integrity who care for the consumers and their families but would ask that our industry and families are also considered in your deliberations.