To Whom It May Concern:

My name is Clifford D. Ruggles and I am a Mortgage Broker in the State of Ohio. And while I have great support for the consumer protection goals of the Federal Reserve Board's proposed amendments to Regulation Z, I respectfully oppose the proposal to restrict compensation for mortgage brokers.

In our role as intermediary between borrowers and lenders, we provide value in all real estate transactions by serving both parties, but representing neither.

Mortgage brokers must compete with direct lenders who are not held to the same standards and guidelines as brokers. It is not a level playing field as the distinctions between brokers and lenders have blurred in recent years with the lenders having the advantage. This is due to the fact lenders themselves typically package and resell loans they originate. This leads to consumer confusion.
Consumers are largely unable to distinguish between brokers and lenders, which have similar names, use similar signage, and rely on similar advertising

In order to protect the general public, we insist that any disclosures apply equally to ALL mortgage originators, not just brokers. In the real world, requiring brokers, but not other loan originators, to make compensation disclosures enable the brokers' competitors to steer consumers away from brokers, even if brokers offer more favorable loans.

Yield Spread Premiums are much more than just compensation for a broker. YSP offers a borrower with limited choices the ability to pay certain costs and help facilitate the loan transaction. Without this flexibility, many borrowers would be unable to achieve the American dream of homeownership.

It is nearly impossible to give a 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. These variables affect every loan application.

We suggest the Federal Reserve Board consider alternatives to the proposed regulation, which would protect consumers in their dealings with all mortgage originators. We encourage competition on price and service.

I'd like to thank the Board of Governors of the Federal Reserve for considering my comments.

Sincerely,

Clifford D. Ruggles
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