

From: "Candy Maichin" <candy@workmanmortgage.com> on 04/01/2008 10:15:04 AM

Subject: Regulation Z

My name is Candice Maichin and I am a licensed Mortgage Broker from the State of Florida. I am writing to express my support for the consumer protection goals of the Federal Reserve Board's proposed amendments to Regulation Z, but I respectfully oppose the proposal to restrict compensation for mortgage brokers. I also respectfully oppose any disclosure requirements that are not required by ALL mortgage originators.

The mortgage brokerage industry is already regulated by 10 federal laws, 5 federal enforcement agencies and in Florida by Florida Statute 494, The Mortgage Brokerage and Mortgage Lending Act. Florida Statute 494 requires satisfactory completion of a pre licensing course, finger printing, and a background check prior to issuing a license. Once the license has been issued a post licensing course is required and additional post licensing education is required on an ongoing basis.

Bank loan originators do not have to be licensed. They perform the same job functions as a mortgage broker but they don't have to play by the same rules. I argue that this is not fair to the consumer. I also argue that this is not fair to me as a licensed Mortgage Broker. A consumer walks into a bank and "assumes" the bank loan officers are educated. The consumer also is under the impression that the bank will do what in the consumers best interest. How untrue this is! I worked for a bank as a loan originator and we based the interest rate the customer would pay on how much SRP (Service Release Premium) the end lender was going to pay us. We also had an advantage over the local mortgage broker as we did not have to disclose how much SRP we were being paid on the loan. This SRP is the same as YSP (Yield Spread Premium) that is paid to the mortgage broker by the lender. This fee may be called by a different name because of the way it is paid but, make no mistake, it is a fee being paid for sending the loan to the lender.

I disagree with making a mortgage broker play by different rules just because the fee is called something different for the banks. Wells Fargo, Countrywide, Bank of America, Citibank, Chase, and all the others pay the banks AND mortgage brokers a fee for sending them business. The banks say they don't know the amount of SRP that they will receive in advance. That is not true! They are provided the amount of SRP that will be paid once the loan is locked. This is true for mortgage brokers too. We know the YSP that will be paid once the loan is locked. We are mandated by Federal and State law to disclose the exact amount of this fee to the borrower as soon as we know it. Why is it the Banks don't have to do the same thing? Again, this is an unfair playing field for

the mortgage broker.

I know everyone is trying to make things better for the consumer but a lot of the proposed legislation/rules are only serving to confuse the consumer. I just finished reading a new disclosure that Wells Fargo is making the mortgage broker have the consumer sign. It is so confusing that even I, a person educated in the mortgage origination process, am having a difficult time understanding. The form is supposed to alert the consumer to the way a rate is decided upon based on the consumers willingness to either pay a loan origination fee upfront or have the fee paid by the lender at a higher rate to the consumer. There are four (4) choices for the consumer to choose from and each choice is very confusing. The bottom line to the consumer is that if they go to a bank they won't see this form as the bank is not required to disclose the fees that it receives from the lender. The bank also does not have to tell the consumer they rate they are getting is based on how much SRP the bank will receive from the lender. Again, this is not a fair playing field for the mortgage broker. If the banks, or any lending institution that is exempt from these rules, are not required to disclose their fees then how are licensed mortgage brokers going to compete.

I must insist that any disclosures apply equally to ALL mortgage originators, not just mortgage brokers.

I also don't see how a mortgage broker or ANY mortgage originator can be required to give a reasonably precise dollar estimate of fees to a consumer prior to application. Prior to application a mortgage originator has no way of knowing the true financial status of the borrower or the exact details of the transaction. We don't even know the right product for the consumer, the exact loan amount, or any of the many details required to make a reasonable estimate of fees. I disagree with any rule that would require disclosure of exact fees prior to the actual loan application as this is not possible based on the reasons stated above.

I would like to suggest the Board of Governors of the Federal Reserve System consider alternatives to the proposed regulation which would protect consumers in their dealings with ALL mortgage originators, and encourage competition on price and service. As a mortgage broker I don't want to be treated differently; I want to be treated fairly and equally.

I thank the Board of Governors of the Federal Reserve for considering these comments. I am available anytime for questions so please feel free to contact me.

Respectfully,

Candice Maichin



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