From: "Kent Hendrix" <kenth@diversifiedloans.com> on 04/01/2008 10:45:02 AM

Subject: Regulation Z

Thank you for making available a forum for my comments on the above Docket number.

I whole heartedly support for the consumer protection goals of the Federal Reserve Board's proposed amendments to Regulation Z, but respectfully oppose the proposal to restrict compensation for mortgage brokers. I am an officer in a local mortgage brokerage firm outside Fort Worth Texas. The value brokers add in the real estate transaction is by serving both parties, but representing neither. It is a competitive industry and government oversight and protection laws should focus on leveling the playing field among all providers of a service. The above proposal does not accomplish this goal. Mortgage brokers must compete with direct lenders. Distinctions between brokers and lenders have blurred in recent years 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. I insist that any disclosures apply equally to ALL mortgage originators, not just brokers.

The yield spread premiums paid by banks to brokers are much more than just compensation, they are used to pay most of the firms overhead including marketing, travel to clients, analysis material, office rent, salaries to employees and office supplies. These overheads are a necessity as the client does not received in most case specialized service, education and time from direct bank officers. 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 and spend considerably more time on servicing the client with education. Furthermore, it is impossible 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. Such a requirement would be liking asking a representative to vote on a bill without being able to view it. I would 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.

I Thank the Board of Governors of the Federal Reserve for considering the comments

Have a Great Day,

Kent Hendrix

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