From: "Marc A. Nicoletta" <marc@colonialfirst.com> on 04/01/2008 10:50:05 AM

Subject: Regulation Z

To Whom It May Concern:

- **I am writing you today in regards to the Federal Reserve Board's proposed amendments to Regulation Z. I do support the 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 would like to note that mortgage broker compensation, including yield spread premiums, already are disclosed on both the GFE and HUD-1, even though there is no corresponding requirement for lenders to disclose compensation paid to their own sales staff.**
- **My services as a mortgage broker provide as an intermediary between borrowers and lenders, and the value that I as a broker add in the real estate transaction is by serving BOTH parties, but representing NEITHER.**
- **I as a broker show a willingness to make disclosures encouraging prospective borrowers to comparison shop. The majority of all loan originators do not represent the borrowers and do not necessarily offer borrowers the most favorable terms.**
- **We as mortgage brokers must compete with direct lenders, and the 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 am a true supporter in the fact that consumers should not 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!**
- **I insist that any disclosures apply equally to ALL mortgage originators, not just brokers!**
- **Yield spread premiums are much more than just compensation, in some cases they are used to pay certain costs and facilitate the loan transaction.**
- **Fees similar to the YSP are present in any mortgage origination distribution channel, regardless of whether a broker is involved.**
- **The reality of 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.**
- **Also requiring brokers, but not other loan originators, to make compensation disclosures will inhibit competition, which will limit consumer choice, increase prices, and hurt borrowers!**
- **It would be almost 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!**

- **I would strongly suggest that the Federal Reserve 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 would like to thank the Board of Governors of the Federal Reserve for considering my comments!**
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