

From: "Elizabeth Washburn" <wash5596@bellsouth.net> on 04/01/2008 10:50:05 AM

Subject: Regulation Z

Docket No. R-1305

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To Whom It May Concern:

Thank you for taking the time to read this letter. I am writing to show support for the small business owner, the mortgage broker. Unfortunately, they seem to be the lowest "guy" on the totem pole and are getting most of the heat from the mortgage crunch. The problem is that the mortgage broker does not make the underwriting guidelines. The banks and lenders decided what they will take and proceeded to lend their money to those individuals.

Mortgage brokers compete with direct lenders and banks for the business, but lenders and banks can hide behind their laws for non-disclosure because their laws are different from mortgage brokers. The ironic thing is they still act as a mortgage broker themselves--- packaging and reselling loans they originate. This enables the lender/banks to steer consumers away from brokers, even if brokers offer more favorable loans

Most of my clients, as I use the terms--- lenders, banks, brokers—ask me what the difference is. They don't even know the difference, but the laws vary for all of them. How about considering laws/disclosures apply equally to ALL mortgage originators, not just brokers?

As for yield spread premiums, they are a necessary part of the loan transaction. They are used to pay costs that would be otherwise prohibitive. They facilitate the loan transaction so everyone ends up with a winning situation.

If you pass this law for initial disclosure it will be impossible to even do a mortgage application or prequalification because it is impossible to give a reasonably precise dollar of fees a broker will charge in a transaction even before an application is submitted. Originators do not know the prospective borrower's financial status, transaction details, type of product sought, or loan amount until all the information comes to us in the form of documents received over the period of weeks during the processing of the loan. Believe me, as the transaction progresses, these numbers change due to non-disclosure by the borrowers. Most borrowers just don't know and wait for us to do the research with the proper documents.

Please consider alternatives to the proposed regulation which would protect consumers in their dealings with all Originators encouraging competition on price and service.

Thank you so much for your time.

Sincerely,

Elizabeth Washburn

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"Earning your Trust, Appreciating your Referrals"

In honor of April 1st, I thought I would include a proposed conversation with my future borrowers on the proposed disclosure required only of mortgage brokers:

"Mr. Borrower, I am well within the legal limit of what I can charge you. In fact, I know you have shopped your loan with five lenders and I came up with a very competitive number, but now I must disclose, before I know the real details of your loan, before you lock, and before I know what your credit looks like, how much I am going to get paid. I have to be right because if the number is not correct there is now a law whereby no one can pay me at all. (I have two small children and my husband works for the local county so we are a two income family. This would be very bad news for the company holding OUR mortgage.)

I also need to tell you this number THREE, yes, three times, in case you are not paying attention the first two times. I will now tell you in a disclosure, a Good Faith Estimate and even the Settlement Statement. (I bet you wonder if the government even thinks you have a brain when it is told to you this much.)

Yes, I know John Lender/Banker down the road is saying he doesn't get anything and I know I am asking you to believe me--after you see three times, that I am possibly making more than 1% on your loan. You see, he works for the bank and the laws for lenders and banks are sided in their favor because they have, yes, more money. Remember, I am the one woman company raising my children while working in the mortgage business for the past 16 years. I keep overhead low so my rates are good and my closing costs are attractive. The big lender/banks have overhead and lobbyist working for them. I am paying GAMB fees for my few lobbyists.

Regardless, the banker/lender does not have to tell you a thing--even though he and his bank are making well beyond 1% on your loan and charging a higher interest rate. I know this because I used to work for a big lender.

That seems fair, doesn't it? The little mortgage broker gets to look like we are making a killing while the banks not only do NOT have to disclose, but also get a bailout when they are in trouble by our lovely federal government to whom we pay our tax dollars--earned as a mortgage broker."

