

From: "Ed" <ed@mercantilemortgage.com> on 04/01/2008 11:20:04 AM

Subject: Regulation Z

I have been a mortgage broker in the City of Dallas for the last 22 years and have no complaints or sanctions from any compliance authority though my company has originated thousands of conventional, FHA, VA and subprime mortgages and I hold, or have held, a Texas Mortgage Broker, HUD "Full Eagle" and Texas Consumer Credit Commission licenses.

I support consumer protection goals of the Federal Reserve Board's proposed amendments to Reg Z, but respectfully oppose the proposal to restrict compensation for mortgage brokers. What we need is an even playing field.....and enforcement of the myriad of compliance rules already on the books.

Having employed up to 32 people in my small shop in the past, I can tell you from actual experience that many applicants for loan officer positions with my firm were not hired **because of their inability to obtain a state mortgage loan officer license**, but these same loan officers found immediate employment with direct lenders who are EXCLUDED from the Texas mortgage licensing act, and the same group you propose to exclude from proposed amendments to Regulation Z!

The "problem" we all face originated out of Bank and Wall Street GREED. When Lenders & Wall Street designed and accepted 100% subprime (and conventional A paper) loans and allowed the Seller to roll up to 6% of the sales price into the loan, all it took was a very slight decline in property values to trigger the existing financial disaster.

Please work to EMPOWER, rather than handicap, mortgage brokers and real estate brokers so that we can work together and get more people back into the glut of empty homes on the market. That is the only way to clean up the existing financial mess. And, use your powers and the existing laws to eradicate the bad guys in our business that have taken advantage of consumers, whether they are mortgage brokers, appraisers, lenders, real estate brokers, or Wall Street manipulators.

Brokers' income in points or yield spread are already disclosed throughout the existing documentation, i.e., on the Truth in Lending statements and on the Good Faith Estimate. We are in one of the most regulated businesses in the nation.

Brokers offer an extremely valuable service to consumers by shopping their loan requirements with dozens, even hundreds of bank lenders to get them the best loan for their circumstances. Without brokers, and there will be even fewer brokers if this kind of legislation is passed, the consumer will have fewer choices, less service and be further victimized by the Banks who caused the financial disaster we have today.

The public doesn't know whether it's dealing with a mortgage broker or a direct bank lender. Signage is similar; advertising is similar; so why pile the proposed marketing restrictions ONLY on the broker? If you feel this is necessary, any disclosures should apply equally to ALL mortgage originators, not just brokers.

Banks and some brokers are now offering "no cost loans". Well there ARE costs to loans, and the only way to pay those costs are with yield spread. If yield spread is eliminated, MANY more consumers will be homeless, because yield spread enabled the mortgage broker to pay some of the closing costs the borrowers simply did not have the money to pay.

Furthermore, it is practically 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 implore you to consider alternatives to this proposed regulation which will reduce home purchases, raise consumer closing costs, decimate the remaining mortgage broker and real estate broker sales force, and exacerbate the existing financial mess.

Thank you for reading my concerns.

Respectfully,

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