

**From:** "Jay Atterstrom" <jay.atterstrom@primeres.com> on 04/01/2008 11:55:02 AM

**Subject:** Regulation Z

My Name is Jay Atterstrom and formerly I owned a Mortgage Bank in the State of Texas that employed over 250 people and originated between \$17 and \$33 million monthly. As a result of the turmoil in our industry and in order to prevent insolvency, I've closed my company and am currently employed by another Mortgage Bank.

Generally speaking, I have always had a difficult time competing with mortgage brokers – primarily because they operate “under the radar” of regulatory scrutiny (regulatory investigators simply don't have enough resources to “pursue action against smaller brokers”). They can circumvent labor law and RESPA law and are not typically held accountable, do not generally maintain an active Quality Control Program, and as such they operate with far less overhead than most organizations who strive to be compliant.

I understand the legislation to modify Reg Z to further define the compensation that originators will rec'v on loans. Generally speaking, as a mortgage bank we can't determine the exact compensation to a loan officers for a loan because we cannot accurately calculate the profits that we as a banker will receive on a loan once sold or transferred. In many instances, we don't even know which investor will purchase a particular closed loan. Equal disclosure with regard to compensation for Brokers and Lenders is effectively impossible, unless disclosure regarding compensation is totally eliminated for both.

Now, we recognize that the industry is changing. We also strive to keep our relationship with our customers honest and transparent. We've even developed a “Fixed-Fee Loan Program” for our borrowers who qualify (agency automated approval). The concept is simple: We charge a specific fixed fee for a corresponding loan program regardless of loan amount. We actually post our actual pricing for our clients, which shows our exact Service Release Premium and Discount which we effectively endorse over to the client for his use in the transaction. This informs the client exactly what our compensation will be and it gives the client the flexibility to utilize a “no-cost” loan, or use discount, or obtain par rates – it's simple, transparent, and effectively what the Board of Governors is trying to accomplish. Obviously, in many ways we see this as a benefit to our business as a Banker.

I do however, think that any originator (broker or banker) needs the ability to be able to re-disclose the details of a client's loan after the client has submitted documents supporting (or contradicting) the information provided initially by the client. Sometimes, the challenges of obtaining a loan for a client are not evident until later in the process. Originators need to be able to charge a fee that is commensurate with their efforts, which cannot be accurately estimated, until supporting documentation is furnished by the client.

Generally speaking, I'm in favor of the legislation with some modification that considers the

above factors.

Thanks in advance to the Board of Governors for considering my comments. The opportunity to provide comments for this pending legislation is greatly appreciated.

Respectfully,

Jay Atterstrom  
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