From: "Maureen Price" <mprice@macllc.net> on 04/01/2008 12:05:03 PM

Subject: Regulation Z

Mortgage Assistance Company, LLC
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April 1, 2008

Dear Board of Governors of the Federal Reserve,

Firstly, I would like to express my support regarding the consumer protection goals included in the Federal Reserve Board's proposed amendments to Regulation Z, but I respectfully oppose the proposal to restrict compensation for mortgage brokers.

It is important that the Board realizes the important role the mortgage broker plays as an intermediary between the borrowers and the lenders and how valuable it is to have an intermediary who serves both parties but represents neither. Only with an impartial 3rd party, such as a mortgage broker, can a borrower be truly introduced to the myriad of available programs/lenders and be helped to determine which is best suited for their current financial needs. As a broker with more than 15 years in the industry, I can assure you that it is more difficult today than it has ever been before to review and determine which program to utilize in the infinitely diverse circumstances that make up the financial situations of today's borrowers.

It has become more prevalent over the past 12 months for lenders to push their own products by eliminating mortgage brokers from their sales force. The most noteworthy example of this is with Bank of America eliminating their broker work force and only utilizing their retail sales force. I wonder if a Bank of America loan officer will recommend another lending institutions' product if it would better serve the borrower? Additionally, your new rule would allow the Bank of America loan officer to not have to disclose his total compensation, (versus the independent mortgage broker who would be required to disclose this information), making the Bank of America representative appear to not have a financial interest in the program presented to the borrower which could easily lead to a false sense of security with the Bank of America loan officer who is compensated monetarily for his efforts, similarly to the independent mortgage broker. Why would any new rule segregate the large lenders from the mortgage brokers when it comes to requiring them to supply identical information to the borrower? It is almost as if the large lending institutions would be put above the law. If a new rule is passed, then it truly must be mandatory for ALL mortgage originators to adhere to the law, not just brokers. It would appear that requiring a broker, but not other loan originators, to make compensation disclosures would allow the brokers competitors to steer consumers away from the broker even if the broker has more favorable loan products. If the intent is to best inform the consumer, how does it help them to NOT be informed by the large lenders about compensation, but only by mortgage brokers?

Regarding YSP, this is a tool that serves a much broader purpose than just compensation for the loan originator. YSP is utilized to help many first time home buyers purchase their first home by allowing the broker to credit various closing expenses that facilitate the income and credit worthy-but cash on hand challenged-borrower to complete their purchase transaction. It allows loans to be priced in such a manner that the borrower is not required to supply additional funds that would strain their ability to complete their transaction and unintentionally sabotage the beginning of their repayment program.

Lastly, it is very difficult – if not 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. Imagine going into a car dealer and requesting the exact price of a car before telling the salesman which car it is you are buying and what options you require in the vehicle. Does that seem at all possible or helpful?

I would like to suggest that the Board of Governors of 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.

Sincerely,

Maureen Testa

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