From: John Grudzien <jgrudzien@afs-llc.net> on 04/01/2008 12:35:04 PM

Subject: Regulation Z

Dear Sir or Madam,

I have been active in the consumer and mortgage lending arena in Illinois for over 20 years. The purpose of writing is to voice my concerns regarding currently proposed amendments to Regulation Z. Although the proposed rule adds legitimate consumer protection, there remain areas of concern requiring revision.

Federally chartered banks and mortgage bankers are not accountable to disclose their yield spread premium as if to suggest that they somehow operate on a higher standard than mortgage brokers. The mortgage security fallout which has surfaced globally in the past year has shown this to be false. Singling out mortgage brokers for this disclosure does not address the source of abuses occurring within the industry. Those issues should be the subject of independent regulation.

Secondly, disclosing yield spread premium is akin to any retailer being required to disclose the wholesale cost of goods in order for the consumer to determine a fair markup. As a matter of fact, the wholesale price of the mortgage does not represent a rate available to the consumer. It discounts the cost of marketing to the consumer that the lender would otherwise be forced to absorb. Costs such as general advertising, brick and mortar offices and sales staff salaries and commissions. Yet, brokers are presently required to disclose this premium on the Good Faith Estimate and Truth in Lending Disclosures provided throughout the mortgage process. Requiring redundant disclosures of the Yield Spread Premium provides no clear benefit to the consumer and helps obscure other significant required disclosures.

Requiring a broker to disclose fees and YSP prior to taking the loan application hinders the ability of brokers to discuss the needs of the consumer by shifting focus on perceived costs of the transaction. The fact of the matter is that pricing announcements occur several times throughout the day affecting borrowers of differing credit quality and equity positions unequally, making it impossible to quote a firm cost until the credit and collateral facts of the borrower applicant can be confirmed.

We all share the responsibility of stabilizing the housing market taking care not to throw the baby out with the bathwater through punitive rulemaking. There remains a contingent of mortgage originators who operate with integrity. We need to embrace their values and opinions in helping provide rectifying solutions to our industry practices.

I encourage you to hold hearings and seek input from small business owners on the subject of Docket #R-1305.

Very truly yours,

John J Grudzien
Past President, Midwest Lenders Association