

From: "Walter Penachio" <mortgage@penachio.com> on 04/01/2008 01:00:04 PM

Subject: Regulation Z

My name is Walter J Penachio. I am a Licensed Mortgage Broker living in Palm Harbor FL 34683.

I support the consumer protection goals that the Federal Reserve Board has proposed as amendments to Regulation Z. I strongly oppose the proposal to restrict the compensation for mortgage brokers for the reasons outlined below. I do not believe the current financial situation of our great Country is not due to Mortgage Broker compensation.

Mortgage Brokers assist a borrower in achieving the American dream by shopping a number of lenders to find the best rates and programs available to them. We aid Realtors in determining the financial ability of borrowers. We advise borrowers on what documentation is required by lenders to obtain financing. We help the borrower get out of high interest revolving debt to capture lower interest rates that are tax deductible. This service increases a borrower's monthly cash flow which helps our nation's economy.

Mortgage Brokering is competitive and healthy for everyone. We as Mortgage Brokers need to compete with direct lenders which control their own standards and are NOT as regulated as Mortgage Brokers already. As of today, borrowers working with a Mortgage Broker are better protected than if they work with a direct lender. Direct lending standards are looser on disclosures. To make matters worse, the direct lenders are typically packaging and reselling the loans they write with fewer standards than mortgage brokers currently operate under.

I believe it is imperative to protect the public and only fair to them, that ANY disclosure that is required by or apply to Mortgage Brokers, apply to ALL/ANY mortgage originators.

Many assume that a "Yield Spread" is pocketed by a Mortgage Broker but never consider the costs that are inherent in each transaction. Every transaction has numerous out-of-pocket expenses from utilities to advertising. The list of software, printed materials, advertising, pay-per-clicks, yellow pages, websites, insurances and more is too long to outline in demonstrating why yield spreads are must in order to continue a Mortgage Brokerage in operation.

If our goal is truly to protect borrowers, then why aren't competitors to mortgage brokerage required to disclose at least the same information? I am positive if all mortgage originators were required to provide the same disclosures the public would be better protected and there would not exist any steering of borrowers. It would eliminate situations where lack of disclosure causes less favorable financing to a borrower without their knowledge from any mortgage originator.

When discussing disclosures, it must be said that it is not possible to provide exact fees at the stage of loan application because the financial situation of the borrower is unknown. After application is completed, the verifiable documentation begins to be provided by the borrower. When all the borrower's documentation has been provided, the mortgage originator is capable of placing the loan with a lender and able to provide exact cost of the loan. Until then it is impossible.

I suggest that the Federal government look at alternatives to the proposed regulations. Alternatives that would truly and evenly protect consumers in their dealing with ALL mortgage originators. I enjoy our open markets and encourage competition on pricing and services. I hope you feel the same...

I truly appreciate the opportunity to voice my concerns about the proposed regulations.

I'd like to thank the Board of Government of the Federal Reserve for considering my comments.

Sincerely,

Walter J Penachio
Licensed Florida Mortgage Broker

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