

GULF SHORE MORTGAGE

Financing the American Dream

April 1, 2008

TO: The Board of Governors of the Federal Reserve System

**FROM: Charles Kansy
Gulf Shore Mortgage
Naples, Florida**

RE: Amending Regulation Z.

The proposed Fed Rule would put into place useful consumer protections, but it would also impede mortgage broker's ability to compete with lenders. The rule would require mortgage brokers, but not mortgage originators, to disclose the exact dollar amount that the broker would earn for their services, including yield spread premiums. The rule also requires the disclosure to be made prior to the consumer paying any fee and before submitting an application and brokers may only receive compensation disclosed in this manner. If the fee was not disclosed in this manner, the mortgage broker cannot be paid any amount by any party.

At the time of a mortgage application as a mortgage broker it is our ethical duty and a requirement of HUD to disclose all fees including Yield Spread to the borrower. This is currently accomplished on the Good Faith Estimate, the mortgage broker contract and finally on the HUD Settlement Statement. I feel that this is fair and full disclosure to the consumer. I propose to take this disclosure one step further and require mortgage originators to disclose yield spread premiums as well. This will allow the consumer to compare mortgage programs fairly. The purpose behind regulation Z is to protect the consumer against unfair lending practices. Currently it is one sided against the mortgage broker and studies show that this one sidedness actually impedes competition and gives the mortgage originator the ability to steer the consumer thus hurting the party the Regulation was designed to protect.

Please consider the following examples of how it would be impossible for a mortgage broker to comply with the proposed amendment:

Many times when we first meet with a borrower, we do not have their income, assets or credit. These are the three key factors in determining a borrower's interest rate and fees.

Self employed borrowers are qualified based on an average of the most recent 2 years 1040's. Many self employed borrowers at the time of the initial discussion do not have those figures or verbally disclose their gross income not their taxable income.

In today's market, it is requested that a potential buyers be pre-approved prior to entering into a purchase and sales contract. At this point, a property has not been identified, therefore the mortgage broker does not know the sales price or loan amount, making it impossible to disclose as the amendment proposes.

The borrower gives erroneous information requiring the mortgage broker to change loan programs.

During the mortgage processing period, information is compiled requiring adjustments to the application. The proposed amendment will at the minimum make it almost impossible for the mortgage broker to be in compliance and after one audit and substantial fines they will probably find it easier to close their doors. Eliminating the consumers ability to obtain the most competitive mortgage program, interest rate and fees.

In the past 24 years of being in the mortgage industry I have been proud of the service I have been able to provide my clients. I have always made sure they received the most competitive rate and fees for the service provided and for that I receive many referrals and repeat customers. That's the role of the mortgage broker. We fill a badly needed void in the market. It would be sad and detrimental to the consumer, as this role will be eliminated with the proposed amendment.

Thank you for considering my comments.