

From: "Keith J. Armenia" <keith@georgiacustommortgage.com> on 04/02/2008 10:40:12 AM

Subject: Regulation Z

April 2, 2008

RE: Proposed Rule Amending Regulation Z
Docket No. R-1305

My name is Keith J. Armenia, I am the Broker of Record for A&R Mortgage Service, LTD. I am a small corporation it is I and three part time employees, I do everything in the company from IT to Originating of mortgage loans. I find that the proposed regulations could affect my business and make competition with direct lenders impossibility. Banks and lender are not held to the same rules and yet get compensation in exactly the same fashion, from sale on the secondary market, many in fact are no more than upstream lenders who get their yield exactly the same as brokers yet do not have to disclose the premium.

I do agree that it is time for a change in the mortgage industry, and many of the proposed changes are in fact needed. It have been to long since the existing rules were put into place and it has become a mess.

Mortgage brokers are a need member of the lending community. Mortgage brokers are the front line of the mortgage industry. If mortgage brokers become a thing of the past the end consumer will be the looser as you eliminate the number of businesses competing for a borrowers business cost will rise.

AS I mentioned above it is imperative that ALL DISCLOSURES should indeed be the same for a Broker, Lender, OR Bank, all origination should be on an equal/level ground Lenders should be required to show the consumer what they are making in Service Release Premium (SRP) on the loan as well. IT IS ONLY FAIR TO THE CONSUMER to know the true cost of what they are paying for up front and on the interest rate. That is who we are trying to protect with these laws and it should be that every one discloses everything to protect the consumer. A bank or lender should have no more or less clarity than any other originator in the market place; otherwise it is a farce to think that the reform has done anything to protect the consumer.

This leads me to yield spread premium YSP. Yield Spread Premium is more then just compensation it is a tool just like SRP it's a way to defer the cost of the loan for the borrower. I have borrowers who don't have the money to cover closing cost but only have enough to cover down payment. I should not be expected to do the loan for free so I can tell them I can do the loan for low or no broker cost and allow you to compensate me via the rate. That is how lender do a NO CLOSING COST LOAN, sad to say many consumers believe they are not paying for the loan, when in fact the rate is higher to compensate the lender. AS a result they pay more over the life of the loan then if they had paid a reasonable origination point and received a lower rate. NOT making all things equal between a lender and broker will allow the brokers competition to steer borrowers away from loans that in the end is a more favorable loan to the borrower.

It is impossible and dangerous to expect a broker to give a precise estimate of the loan before the borrower has provided documentation, received an application, pulled credit, or any other financial qualifications are known. It is not possible to be done fairly and accurately as each individual is not the same nor is each loan product.

I encourage... no beg the FRB to consult with the National Mortgage professionals associations and consider alternative rule changes before adopting any rule changes. Consider a level playing field for all that will truly benefit the consumer.

Thank you for considering my comments,

Keith J Armenia
President
A&R Mortgage Services, LTD
dba Georgia Custom Mortgages
770-443-3800
keith@georgiacustommortgage.com

Keith J. Armenia

Loan Consultant
770) 443-3800 Work
770) 783-6886 FAX
163 Norton Dr
Dallas, GA 30157

Georgia Residential Mortgage Licensee #20857

www.GeorgiaCustomMortgage.com