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Subject: Regulation Z

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Jennifer J. Johnson,
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

Ref.: Docket No. R-1305

Dear Board of Governors of the Federal Reserve System,

I have been a mortgage broker since 2004, and I am glad you are taking the lead in reforming this lightly regulated system. I also agree that it is extremely important to protect consumers as well as to develop a healthy and ethical professional environment for all mortgage loan originators. Unfortunately the proposed changes affect very negatively my profession. As rates and the lending environment changes every day and sometimes up to three or four times a day, it is extremely difficult to quote a loan to a client and disclose all the fees involved, as most clients makes their lending decision a few days after the loan has been quoted. And the market may have changed either way. Also at the time we as brokers provide a quote, we are based on verbal non verified information the client provides. Once the client decides to work with a specific mortgage broker or lender, is when we receive the documentation and many times it doesn't match the verbal information originally provided.

I do believe changes are needed, but these changes need to be for ALL LOAN ORIGINATORS, independently if they work for a lender or if they are independent mortgage brokers.

I do have a lot of respect for the Board of Governors of the Federal Reserve System and that is why I insist that lenders, like Ameriquest, and many other that dealt directly to consumers, and many others that disappeared after the first storm, are the main problem. Not Mortgage Brokers. Those lenders in their quest to recruit "sales people" to achieve organic growth have hired

people without the proper training, and without ethical behavior and legal knowledge. As lenders the people they hired worked under the “lenders umbrella license”. This has to stop immediately. These originators must be licensed. The requirement to become a Mortgage Lender and the regulation, compared to a Commercial Bank are very different, but by the end they are active in the same market and in the same industry. They may end up competing with mortgage brokers for the same client.

My recommendation is to have a Federal License (same level of difficulty as a Series 6 or Series 7) for ALL LOAN ORIGINATORS. How is it possible that to become a cosmetologist a person has to go at least to a community college, and to become a mortgage broker you don't even need a Bachelor Degree and a few hours and one test suffice to be licensed? It is way worst in the case of lenders, as loan originators don't even need that. Please understand that under no circumstance I am criticizing other professions by mentioning cosmetologist, but I am a strong supporter of leveling and professionalize the Loan Originator profession.

I do believe that your commitment in regulating the lending environment should start at the top of the pyramid: the lenders and the investors, and then spread it down to the originators. Please keep in mind that no mortgage broker brokered loans directly to/from Merrill Lynch, UBS or Bear Stearns. But those companies invested in unregulated Hedge Funds, and the objective of those Hedge Funds was to invest in Mortgage Backed Securities or to fund subprime lenders.

We mortgage brokers still generate 65% of the business in the US. And that is because we have direct contact with the client, something that is extremely difficult and expensive for a national lender to do. We have access to a variety of programs that will satisfy clients in different needs, while lenders have a niche market, or they only attract certain market segment or are interested in doing business in a specific market segment. That is why our profession has become so important. Mortgage Brokers can access different lenders and different investors. This is also Consumer protection. It is much better for any person to go to one mortgage broker who understands the different interests of the investors and the borrower rather than having the borrower going from lender to lender until the client gets what he or she needs.

The profession is confusing for Consumers as many loan originators that work for lenders call themselves mortgage brokers. This is obviously wrong. But that is market perception. As brokers it is impossible for us to provide Good Faith Estimate and be precise down to the penny, as there are many expenses we don't control, and we can be responsible for those. We can't prepare a document as detailed as a Closing Statement to quote a loan when we don't even have complete documentation of the borrower. Furthermore, in the real world, it requires brokers, but not other loan originators, to make compensation disclosures. This enables the brokers' competitors to steer consumers away from brokers, even if brokers offer more favorable loans. Lenders also sell loans using yield spread, but are not required to disclose it.

Last but not least, the more aggressive products like negative amortization loans should be prohibited. It requires a highly sophisticated borrower and most borrowers that got into those loans don't understand the product they have purchase. This sick product were the yield spread is hidden have margin adjustments that is making many borrowers loose their homes.

Through this letter I am kindly asking you to make changes that will affect ALL LOAN ORIGINATORS, and to add a Federal Licensing Act, required for ALL LOAN ORIGINATORS, not just mortgage brokers. We should all be judge under the same rule, whether you work for a national recognized lender, or for a small independently owned boutique mortgage broker business. By the end were loan originators and should have the same responsibilities and benefits.

Please consider alternatives to your current proposed regulation which would protect consumers and their dealings with ALL mortgage originators. I thank you for your support and hard work and to look into the industry's problems in order to help all Americans in buying and keeping their homes and to establish regulation that will help professionalize the loan origination industry.

Cordially yours,

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