

From: "Lisa Mack" <countywide@centurytel.net> on 04/01/2008 06:05:04 PM

Subject: Regulation Z

My name is Lisa Mack, a mortgage broker operating in the state of Montana. Having been active in our state association since 1995 and having served on the board and various committees over the years, I appreciate the consumer protection goals you are focusing on. I supported legislation in our state to require licensing of mortgage brokers and originators. All of us involved wanted to bring every mortgage professional to a higher level of responsibility to the consumer as well as to the industry. In recent years, of any originating entity, we as mortgage brokers have had to disclose in the greatest detail the costs associated to the loan through the good faith estimate, truth in lending and a separate disclosure "mortgage origination agreement". My only objection to that is there are no requirements for other originating entities (banks and so called "mortgage bankers") to do the same for the consumer. Why is that? And now this proposed rule goes further in separating mortgage brokers and originators from the banks by requiring that we somehow put a guessed number as to our total compensation prior to beginning an application.

I cannot support the proposed Fed rule which clearly further separates the mortgage broker from the rest of those originating mortgages in the the banking industry, in addition to more confusion on the part of the consumer.

If Mr. Smith comes into my office to discuss his financing needs, under your rule, I would have to give him a guessed number that I will be paid. If he goes to a bank they are not required to disclose the same. Even if the interest rate I propose is lower than the bank, the bank has the opportunity to say "well of course see how much you are paying the broker as opposed to just our origination fee". In reality the bank will be making far more based on their "correspondant" relationship with the lenders, the higher the rate the more yeild spread premium the originating institution makes, yet the bank does not have to disclose their total compensation. Don't you think this is unfair to the consumer?

I am a small business and due to my abilities, personal service and professional standards have primarily a referral and repeat client base. I take very seriously the job I do for my clients. My compensation from the client is the origination fee, the compensation I receive from the lender can vary from one loan to the next for a multitude of reasons. Because of the uncertainty I initially disclose the possibility of the YSP to be between 0-3%, an estimate, ergo "good faith estimate". After the loan is locked another disclosure is to be presented to show what the latest estimate of fees are projected to be including the locked rate and YSP. I say that because the borrower could be subject an additional credit

report fee, appraisal, automated underwriting fee, different lender fees (if I had to direct the loan elsewhere), higher fees if the loan amount or program changes and so on. These are practices not required of banks.

This begs the question, at what point do I determine whether it is cost effective to continue the process. Do I tell the consumer "based on my quoted total compensation, I can no longer continue serving you, you'll have to take your business elsewhere". How is that good for anyone?

I will have faith in the system and believe that more equitable, fair practices for all who originate loans are mandated, that the system will see that there are ways to support this industry on a healthy path. Most importantly a system that will not penalize the broker community and consumer for the benefit of the banking community.

Respectfully submitted,

Lisa Mack
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