From: "Brooks Hiller" <heritagemortgage@comcast.net> on 04/02/2008 01:40:02 PM

Subject: Regulation Z

Ladies and Gentlemen,

The following constitutes my comments with regard to the proposed Fed Rule described above:

1. You have proposed that mortgage brokers disclose to the borrower the EXACT of all compensation to the mortgage broker from all parties to the transaction in advance of the closing. If this disclosure is not made or is not made accurately, the mortgage broker would be prohibited from receiving any compensation.

I applaud any efforts to protect the consumer and to increase understanding, but I find several problems with this proposed rule: (1) the proposed rule is discriminatory in that it makes this requirement apply ONLY to mortgage brokers and not other originators. In today's world, very few mortgage originators keep their loans in portfolio. The vast majority of loans are sold in the secondary market by ALL originators, yet mortgage brokers are being singled out by this proposed rule. Mortgage brokers already face a competitive disadvantage in having to pre-disclose the yield spread premium in advance and on the HUD-1 while other originators do not. This is unfair. (2) we often do not know the exact terms of a loan until such time as a loan is approved, even if it has been locked in advance. The present rules allow us to give a "Good Faith Estimate" which we do provide. I believe most mortgage brokers do a good job of estimating all the costs to the borrower. If there are originators out there, whether they be mortgage brokers or other originators, who are misleading consumers such as practicing "bait and switch"-go after them, aggressively. Leave the rest of us alone to continue to do a very good job for our customers; finally, (3) I continue to object to mortgage brokers having to disclose yield spread premiums when other originators do not. I think this represents a fundamental misunderstanding or YSP or payments made to the originator by the lender. I see it as mortgage brokers obtaining their funds from lenders at wholesale prices, marking them up, not unlike a grocer, and selling them retail, in exchange for their knowledge and services. As such, the so called YSP is a part of the gross profit on a loan arranged by the originator. What is wrong with making a profit on the sale of an item? The consumer is perfectly free to shop for their loan and if the originator's terms are not competitive, to go elsewhere. A grocer is not required to disclose their profit on a loan, nor is a car dealer. I find this kind of proposed rule to constitute torturous interference with commerce and, again, to discriminate against mortgage broker versus all other originators of mortgage loans.

I would encourage the Federal Reserve to continue its efforts to protect consumers and to encourage competition, but not at the expense of unfairly singling out one segment of the mortgage industry.

Thank you,

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