



* 4543 Hwy 17 ByPass So. * Myrtle Beach, SC 29577 * Phone (843) 293-9114 * Fax (843) 293-9116

To: Board of Governors of the Federal Reserve System

Re: Docket No. R-1305

In regards to your proposed changes to Regulation Z, I want to comment specifically on the proposed requirement for mortgage brokers to disclose upfront our total fees, including ysp. First, let me make clear that I have absolutely no problem with upfront and clear disclosure of total fees. The state in which I do business, South Carolina, has mandated clear and concise wording of our fees, including origination, processing, credit report and ysp. I have attached both a copy of our own companies form and the example posted on the SC Consumer Affairs website. I welcome any reasonable action by the Fed in this area.

However, let me also make clear, that I do not believe the Fed's proposed solution is reasonable. In fact, I believe the Fed's proposed changes are discriminatory against the small business mortgage broker, and unnecessarily so. The Fed's stated desire for disclosure of total fees, including ysp, before the customer pays any fee related to the loan or submits an application is just not a viable or realistic business practice. I do not believe this is a fair balance of 'increased transparency' and the 'inefficiency' caused by 'average transaction' pricing.

Furthermore, in the intervening three months since the Fed proposed these changes, the mortgage market has altered dramatically. Specifically, the Prime mortgage market, those mortgages underwritten to FNMA or FHLMC's guidelines, has seen changes that were not possibly considered during the creation of this proposal. Both FNMA and FHLMC have introduced 'pricing adjustments' in relation to credit scores and loan to value ratios. I have attached a copy of those for your reference. These new pricing adjustments can dramatically alter the interest rate and loan type for which a customer can qualify. Knowing certain basic information about a customer's financial, credit and collateral situation is vital to providing an acceptable level of customer service. Your proposed changes would strip that from the small business mortgage broker.

In closing, I believe there are many small business mortgage brokers that provide helpful mortgage products from FNMA, FHLMC, FHA and VA to qualified customers. Many of us provide the same products as larger banking institutions and do so at a level of customer service and customization that larger institutions cannot match. Please reform our nations' lending regulations. But reconsider this aspect of exactly how the regulations should be changed.

Daniel Dickson

Daniel Dickson
Branch Manager



EXAMPLE

PMF, Inc
4543 Hwy 17ByPass So.
Myrtle Beach, SC 29577
Phone (843) 293-9114 Fax (843) 293-9116

Mortgage Broker Fee Agreement for Financial Services

Notice to Prospective Borrower(s): Read this contract carefully so that you can make an informed decision. You are entitled to a copy of this contract. Signing this contract does not obligate you to obtain a mortgage loan through this broker, nor does it constitute a mortgage loan approval.

This agreement is valid for (90) days from this date.

The undersigned hereby employs PMF, Inc. to attempt to procure a mortgage loan in the amount of \$ 100,000.00, a 1st / ~~2nd~~ mortgage, at the interest rate of 6.00 %.

For their services as a mortgage broker, the undersigned agrees to pay PMF, Inc. a broker fee in the amount of \$ _____ or 1.00 % of the gross funds borrowed, whichever is higher. A processing fee of \$ 495.00 may also be collected along with a Yield Spread Premium of 1.50 %.

It is understood that PMF, Inc. in no way guarantees funding and is only acting as a placement firm in good faith to help secure funds.

The undersigned also agrees to pay certain 3rd party fees for services that are required by the lender and not performed by PMF, Inc., i.e. Credit report and Appraisal. Upon preliminary lender approval of the undersigns application, the undersigned agrees to assume financial responsibility for the appraisal costs of \$ 350.00, to allow for the proceeding of the application process. The Appraisal fee and any Credit fees of up to \$ 15.00 are considered the undersigns financial responsibility, unless the appraisal or credit have not been obtained.

It is understood that no fee, other than accrued 3rd party fees, will be charged if either the applicant or the lender declines the loan.

The loan may be co-brokered: that is, PMF, Inc. may share mortgage loan broker services or fees with another mortgage loan broker on behalf of the applicant. Within three days of making a final decision to co-broker a loan, PMF, Inc. will provide applicant with written notice of such co-brokering.

Lender Payments to Broker (Yield Spread Premium) Disclosure

For purposes of this disclosure, a yield spread premium (YSP) is the amount paid to the broker by the lender based on the difference between the retail interest rate at which the broker originates a loan and the par, or wholesale market rate offered by a lender. If you would rather pay a lower interest rate, you may pay higher up front fees; if you pay less up front, you may pay a higher interest rate. Before you sign this contract, I can display alternatives to you. The amounts disclosed here apply only if you qualify for this loan.

1. Dollar amount of YSP \$ 1,500.00 2. Dollar amount of mortgage \$ 100,000.00

Percent of YSP in relation to loan amount 1.50 % (#1 / #2)

The following is an itemization of points, fees and commissions related to your mortgage

<u>Broker fee</u>	\$ <u>1,000.00</u>	or <u>1.00</u> %
<u>Credit fee</u>	\$ <u>15.00</u>	
<u>Processing fee</u>	\$ <u>495.00</u>	
_____	\$ _____	

3. Total Points, Fees and Commissions \$ 1,510.00

Percent of Points, fees and Commissions in relation to loan amount 1.51 % (#3 / #2)

Total of YSP, Points, Fees and Commissions 3.01 % (#1 + #3)

Attention Borrowers: Know Your Rights!

This may be the largest and most important loan you get during your lifetime. You should be aware of certain rights before you enter into any loan agreement.

1. You have the RIGHT to shop for the best loan for you and compare the charges of different mortgage brokers and lenders.
2. You have the RIGHT to be informed about the total cost of your loan including the interest rate, points and other fees.
3. You have the RIGHT to ask for a Good Faith Estimate of all loan and settlement charges before you agree to the loan and pay any fees.
4. You have the RIGHT to know what fees are not refundable if you decide to cancel the loan agreement.
5. You have the RIGHT to ask your mortgage broker to explain exactly what the mortgage broker will do for you.
6. You have the RIGHT to know how much the mortgage broker is getting paid by you and the lender for your loan.
7. You have the RIGHT to ask questions about charges and loan terms that you do not understand.
8. You have the RIGHT to a credit decision that is not based on your race, color, religion, national origin, sex, marital status, age, or whether any income is from public assistance.
9. You have the RIGHT to know the reason if your loan was turned down.
10. You have the RIGHT to ask for the HUD settlement costs booklet "Buying Your Home".
11. You have the RIGHT to request a copy of your settlement statement (Form HUD-1 or 1-A) one day prior to your loan closing.

Buying Your Home and other helpful information is available at HUD's WEB site:
http://www.hud.gov/fha/res/respa_hm.html For other questions call 1-800-217-6970.



**STATE OF SOUTH CAROLINA
DEPARTMENT OF CONSUMER AFFAIRS**

**MORTGAGE BROKER FEE AGREEMENT
FOR FINANCIAL SERVICES**

Mailing Address
P.O. Box 5757
Columbia, SC 29250-5757

www.sccoconsumer.gov
803-734-4236/800-922-1594

Street Address
3600 Forest Drive, 3rd Floor
Columbia, SC 29204-4406

**XYZ MORTGAGE SERVICES, INC.
000 MAIN STREET
ANYWHERE, SOUTH CAROLINA 29000
TELEPHONE: 803-000-0000**

Notice to Prospective Borrower(s): Read this contract carefully so that you can make an informed choice. You are entitled to a copy of this contract. Signing this contract does not obligate you to obtain a mortgage loan through this mortgage broker, nor does it constitute mortgage loan approval.

This agreement is valid for ninety (90) days from this date.

Proposed Loan Amount \$ _____ 1st or 2nd Mortgage _____ Interest Rate _____

Who do I Represent?

_____, as your mortgage broker and/or originator, (we are/I am) acting as your agent in providing mortgage brokerage services. As your agent we/I owe you a duty of the utmost care, honesty and loyalty, including full disclosure of all material facts.

(Broker/originator initial the following statement that is applicable.)

____ We are/I am, also, the agent for _____
(Name of Additional Person with an agency relationship)

____ We/I do not have an agency relationship with any other person.

We will provide the following services at the estimated cost shown for each. These services will be paid for by the person indicated, either you (the borrower), the lender or both. (See attached Good Faith Estimate for services provided, estimated cost and the person responsible for payment)

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1. Dollar amount of Yield Spread Premium \$ _____

2. Dollar amount of mortgage \$ _____

Percent of Yield Spread Premium in relation to loan amount _____% (Item 1/Item 2)

The following is an itemization of points, fees and commissions related to my mortgage

_____ \$ _____

_____ \$ _____

_____ \$ _____

_____ \$ _____

_____ \$ _____

3. Total Points, Fees and Commissions \$ _____

Percent of Points, Fees and Commissions in relation to loan amount _____% (Item 3/Item2)

Total of Yield Spread Premium, Points, Fees and Commissions \$ _____ (Item 1 + Item 3)

Percent of Yield Spread Premium, Points, Fees and Commissions in relation to the total loan amount _____%

It is also understood that no fee will be charged if either the applicant or lender turns down the loan.

This loan may be co-brokered; that is XYZ Mortgage Services, Inc. may share mortgage broker services or fees with another mortgage broker on behalf of the applicant. Within three days of making a final decision to co-broker a loan, XYZ Mortgage Services, Inc. will provide applicant with written notice of such co-brokering.

Agency to Receive Borrower Complaints

The following agencies are designated to receive complaints or inquiries about the origination and making of your mortgage:

Street Address South Carolina Department of Consumer Affairs
 3600 Forest Drive, 3rd Floor
 Columbia, SC 29204
Mailing Address P.O. Box 5757
 Columbia, SC 29250
Phone 803-734-4200 or toll free in SC only 1-800-922-1594

I acknowledge by my signature that I have received a fully executed copy of this disclosure at the time of my application for a mortgage, it has been explained to me and I understand it, I understand that a copy of this disclosure will be maintained in my file with my mortgage broker and further, I voluntarily enter into this mortgage transaction.

Name (please print)

CLIENT'S SIGNATURE

DATE SIGNED

NAME (please print)

CLIENT'S SIGNATURE

DATE SIGNED

By signing below, the mortgage broker certifies that the information in this contract is accurate and complies with all provisions of section 8 of the Real Estate Settlement Procedures Act, 24 CFR part 3500 and South Carolina Law.

By: _____
XYZ Mortgage Services, Inc.

DATE SIGNED

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2. You have the RIGHT to be informed about the total cost of your loan including the interest rate, points and other fees.
3. You have the RIGHT to ask for a Good Faith Estimate of all loan and settlement charges before you agree to the loan and pay any fees.
4. You have the RIGHT to know what fees are not refundable if you decide to cancel the loan agreement.
5. You have the RIGHT to ask your mortgage broker to explain exactly what the mortgage broker will do for you.
6. You have the RIGHT to know how much the mortgage broker is getting paid by you and the lender for your loan.
7. You have the RIGHT to ask questions about charges and loan terms that you do not understand.
8. You have the RIGHT to a credit decision that is not based on your race, color, religion, national origin, sex, marital status, age, or whether any income is from public assistance.
9. You have the RIGHT to know the reason if your loan was turned down.
10. You have the RIGHT to ask for the HUD settlement costs booklet "Buying Your Home".
11. You have the RIGHT to request a copy of your settlement statement (Form HUD-1 or 1-A) one day prior to your loan closing.

Buying Your Home and other helpful information is available at HUD's WEB site:

<http://www.hud.gov/offices/hsg/sfh/res/sfhrestc.cfm> For other questions call 1-800-217-6970.

Newsflash

IMPORTANT INFORMATION: PLEASE READ IMMEDIATELY



Attention: All Wholesale Clients

March 31, 2008

Topics in this Newsflash include:

- Changes to Pricing Adjusters
- Form 4506-T Required Effective April 7, 2008
- Priceline Discontinuing Use of Faxes

FHA
Think of us First

- *FHASecure* is available through Wells Fargo.
- FHA requires fewer seller-paid costs than other programs.

Changes to Pricing Adjusters

Effective with locks or relocks on or after April 1, 2008, Wells Fargo Wholesale Lending will apply the following adjusters to conventional conforming transactions that meet the criteria outlined below.

Loan to Value / Loan Score Adjuster Changes

For all products* with terms > 15 years:

Loan Score	<=60%	>60% & <=70%	>70% & <=75%	>75% & <=80%	>80% & <=85%	>85% & <=90%	>90% & <=95%	>95% & <=97%
>=720	-0.250	0.000	0.000	0.000	0.000	0.000	0.000	0.000
>=700 & <719	-0.250	0.500	0.500	0.500	0.500	0.500	0.500	0.500
>=680 & <699	0.000	0.500	0.500	0.500	0.500	0.500	0.500	0.500
>=660 & <679	0.000	0.500	1.250	1.250	1.250	1.250	1.250	1.250
>=640 & <659	0.000	0.500	1.750	1.750	1.750	1.750	1.750	1.750
>=620 & <639	0.000	0.750	2.500	2.500	2.500	2.500	2.500	2.500
<620	0.000	0.750	2.750	2.750	2.750	2.750	2.750	2.750

*Does not apply to *MyCommunityMortgage*TM, *Home Possible*[®], or *Home Opportunities*SM program loans.

(Changes to Pricing Adjusters, continued on next page.)

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Changes to Pricing Adjusters, *continued*:**Cash-Out Adjuster Changes**

For all products*:

Loan Score	<=60%	>60% & <=70%	>70% & <=75%	>75% & <=80%	>80% & <=85%	>85% & <=90%
>=740	0.000	0.000	0.000	0.250	0.375	0.375
>=720 & <739	0.000	0.125	0.125	0.375	0.500	0.500
>=700 & <720	0.000	0.125	0.125	0.375	0.500	0.500
>=680 & <700	0.000	0.250	0.250	0.750	1.500	1.500
>=660 & <680	0.000	0.250	0.250	0.750	1.500	1.500
>=640 & <660	0.000	0.750	0.750	1.500	2.000	2.000
>=620 & <640	0.000	0.750	0.750	1.500	2.000	2.000
<620	1.000	1.750	1.750	2.500	3.000	3.000

New Number of Units Adjusters

Number of Units	LTV/CLTV	Loan Score	New Fee
2 Units	All	All	0.500
3-4 Units	All	All	1.000

*Does not apply to *MyCommunityMortgage*TM, *Home Possible*[®], or *Home Opportunities*SM program loans.

[<Return to Menu>](#)**Form 4506-T Required Effective April 7, 2008**

In our ongoing effort to uphold the highest standards of fair and responsible lending, effective April 7, 2008, a complete IRS Form 4506-T will be required for all loan submissions.

[<Return to Menu>](#)**Priceline Discontinuing Use of Faxes**

Because of recent market conditions, a **temporary** process was implemented last week which allowed fax submissions to Priceline. Effective immediately, Priceline will no longer accept faxed submissions.

All faxes received to date have been processed; going forward **loans should be registered and locked through *Broker's First*[®]**.

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If you have any questions, please contact your account executive.



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