

From: "Jason Klein" <jklein@citylineloans.com> on 04/01/2008 01:35:03 PM

Subject: Regulation Z

My name is Jason Klein and I am the President of City Line Mortgage, LLC in Bethesda, MD. I would first like to state that I am in favor of the Federal Reserve Board's proposed amendments to Reg Z in relation to consumer protection, but I am opposed to the portion of the proposal to restrict compensation for mortgage brokers. Please understand that mortgage brokers are in direct competition with direct lenders. I feel the federal reserve board is not completely grasping the fact that most lenders are currently packaging and reselling the loans they originate. In addition to this, lenders are directly brokering some originated loans to other lenders if they are not currently offering the product any more. For Example, I know for a fact that National City retail is brokering deals to Chase home equity. A mortgage originator who works for a direct lender has the same flexibility in rates that a broker does. The higher the rate charged by a direct lender originator the more commission they make on the deal. It is not called yield spread premium, but it is the exact same thing. How can you put reform in place for brokers and not include direct lenders? All disclosures should apply equally to ALL mortgage originators.

Please understand that yield spread premium is a valuable tool that can be used by the consumer to assist in the payment of closing costs. Without yield spread premium there would be no true NO COST refinance. Let me give you an example, Countrywide has been advertising its no fee refinance plan. If you look into this the interest rate offered is considerably higher than the going market rate. They are using the lenders version of yield spread premium to pay for the closing costs just like a broker would do. This is a prime example of how ALL originators should be treated equally.

If lenders are not required to disclose the same way brokers do it will give an unfair advantage to the lender because they do not have to disclose IN THE SAME MANNER. All we want is for the playing field to be equal for all originators.

On another note, it is impossible to ask a mortgage broker to give a reasonably precise dollar estimate of fees charged in a transaction before an application is submitted because the broker does not yet know the prospective borrower's financial status, transaction details, type of product sought or loan amount. Please understand the FNMA and Freddie mac has gone to a risk-based pricing system which is heavily weighted based on the borrower's loan to value. How can the mortgage broker disclose fees and ysp on a loan before the appraised value has been determined? The pricing on a loan changes significantly on a higher or lower appraised value. Doing this is impossible.

I do understand and respect what the Board of Governors of the Federal Reserve Board is doing to try and help the consumer. There is no reason to favor an originator from a large bank over a mortgage broker. All changes that take place should be for all mortgage originators.

Thank You in advance for your understanding!

Sincerely,

Jason Klein

Jason Klein | President | City Line Mortgage, LLC

Office 301-652-7227 x 101 | Mobile 301-461-8109 | Fax 301-652-4410

7910 Woodmont Avenue, suite 1130 | Bethesda, MD 20814

Email: jklein@cityline loans.com