



390 E Parkcenter Blvd
Boise, Idaho 83706
208-429-8897 fax 208-429-8225

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Members of the Federal Reserve Board,

I want to thank the Federal Reserve Board for your efforts to improve customer protection through the amendments to the Regulation Z. While I support many of the measures in the new rule, I respectfully oppose the proposal to restrict compensation for mortgage brokers. As a mortgage originator, I have developed business partnerships with wholesale lenders offering a variety of products and services to my current and prospective customer base. My business is almost 100% by referral due to the reputation I have earned as providing a competitive, service focused mortgage consultation and process. I work closely with not only homebuyers, but I am recommended by real estate, financial, accounting, and legal professionals to name a few. I can evaluate a borrower's specific needs and then provide an accurate application and loan package to the most appropriate lending institution. There is a wide variance in lender products, pricing, and equally important, service. As a mortgage originator, I am able to bring qualified borrowers to appropriate lenders while creating and fulfilling an expectation for a highly competitive and service oriented mortgage experience.

Many lenders today operate like "super brokers" in which they fund loans in the short-term with the intention to sell them based on a pre-determined Service Release Premium. In this regard, lenders are not that different from mortgage brokers, but on a much larger scale. The SRP is paid to the lender upon successful sale of the loan, which by all definitions is the same as the compensation I may receive as identified as the Yield Spread Premium. I often have to compete with lenders retail loan operations who would not have to disclose their companies compensation, and in many cases, this compensation is shared with the originator should they price the loan above the lenders anticipated compensation. If I am the *only type of originator to disclose this compensation, competitors may use this compensation to steer borrowers away from brokers, which in many cases offer more favorable loan terms.* In my career, I have consistently offered more favorable loan product and terms when competing with lenders without viewing a borrowers competing estimate. In our market place, we consistently find that we are priced substantially better on rates and fees given like loan programs and terms.

The Yield Spread Premium is more than just a form of compensation for a mortgage broker. This income allows me to provide services or pay for certain costs that a borrower is unable to pay. It is not uncommon for me to have to assist clients with credit report review, correction, and re-scoring if necessary. This income can allow me to assist the borrower with reduction in closing costs to achieve their finance goal, or in some cases, retain enough of their liquid assets to meet the loan approval requirements. In some cases, additional fees for subsequent or second appraisal work to is required, neither borrower nor seller feels obligated, and this fee is covered by my brokerage. Should we have to disclose this fee prior to application, it would be unrealistic. There are simply too many variables especially in today's current lending environment to provide a reasonable estimate until after more information is collected and reviewed by the loan originator. Change in loan amount, purchase price, appraised value, borrower financial details, desired or applicable loan type, cash back from equity, would be the most obvious and would make disclosure prior to full application extremely difficult. In addition, we now have substantial risk based pricing adjustments from Fannie Mae and Freddie Mac loan programs when borrowers FICO scores are below 680. It is virtually impossible for a broker to provide a precise estimate of fees that a broker will charge in a mortgage transaction.

It is important that I state my acknowledgement of the many abuses perpetrated by mortgage brokers and loan originators industry wide. It is this concern that motivated me to become actively and passionately involved in my industry, not only to protect my small business , but to also promote ethical and sound business practices for my peers and competitors. This means an equal playing field for all mortgage originators, not just mortgage brokers. To the consumer, a brokerage and retail lending operation look very much alike and perform the same service. Every originator should be required to provide the same disclosures as to fees and compensation to ensure beneficial competition on price as well as service.

I would very much like to thank the Board of Governors of the Federal Reserve for considering my comments on this extremely important amendment to Regulation Z.

Thank you,



Bryn Crawford
Assistant Loan Officer
Stonebrook Mortgage
O. 208.429.8897
F. 208.429.8225