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**Subject:** Regulation Z

As a real estate attorney, I am most definitely in favor of any and all rules, regulations or laws that protect the consumer. In light of the current housing market situation, I too, believe that consumers need to be better protected. However, I question whether another form disclosing information that has already been provided to the consumer is really going to do the job of protecting the consumer. From the beginning of the process through to the closing day, the consumer is buried in a mountain of paper disclosing, in many cases, the same information in many different forms. In almost every transaction I have handled, the consumer is confused and overwhelmed with all of the paper and in just about every case does not read any of it.

Today, in response to the current market situation, it seems that just about every agency is jumping on the bandwagon to suggest another disclosure - the Attorney General, HUD, Federal Reserve, etc. More paper is not the answer in my opinion. If we truly want to protect the consumer we need to educate the consumer. This education should start the minute they start looking for real estate. Before a pre-approval letter is issued, the consumer should be required to have counseling or take a course (webinar) explaining the real estate purchasing process, mortgage payments, insurance payments and real estate tax payments. The consumer should receive some form of certificate to evidence completion of the counseling or course. The certificate would then be given to the mortgage broker or lender and only then would a pre-approval letter be issued.

Under the current law, the disclosures are required to be issued to the consumer within three days after completion of a loan application. To require these disclosures to be issued prior to completion of a loan application would make the disclosures meaningless. To be meaningful the disclosures must be based on the consumer's actual financials and actual pricing in the market. The yield spread premium cannot accurately be determined until the rate has been locked at the pricing in effect at the moment of locking the rate. Any calculation of yield spread premium prior to locking the rate is at best a guessimate. As a result the timing under current law works and should not be changed.

What should be changed is the form of disclosures. Just as there was a movement away from legalese to plain English that clients could understand, there should be a similar movement in the mortgage arena. The move should not be for more forms, but less forms written in simpler terms so that the information that the consumer needs stands out and is not buried in a mass of jargon. To truly protect the consumer the information should even the playing field. By this I mean it should inform the consumer not only of what the broker will make in the form of yield spread premium, but also inform the consumer of what the banker and lender will make as compensation from the proposed loan. Only when the consumer is armed with all of the facts can the consumer really comparison shop and really make an informed decision.

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