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Subject: Regulation Z

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Gentlemen,

I support the consumer protection goals of the Federal Reserve Board's proposed amendments to Regulation Z, but respectfully and strongly oppose the proposal to restrict compensation for mortgage brokers. From a practical matter, it is obvious this proposal was not written by individuals with a mortgage professional background.

I have been a mortgage professional for more than 30 years now. I have worked for a Savings and Loan Association once based in Elizabeth, New Jersey. I have worked for one of the biggest international, commercial banks based in New York. I have owned my own Florida based mortgage company for more than 10 years. Since the collapse of the Savings and Loan industry in 1989, there has been very little difference between the big lenders and the small mortgage brokers. We are all putting our loan packages together and submitting them to underwriters to approve and purchase. In today's mortgage markets, 30 Year Fixed Rate Mortgages are being immediately sold to investors by big lenders, small lenders and delivered for sale by mortgage brokers. Just as insurance agents working for small agencies put together insurance proposals and place their clients with some of the largest insurance companies in the world, mortgage brokers do the same thing when they deliver borrowers loan packages to the big lenders such as Chase, Citi, Wells Fargo, Wachovia, First Horizon etc. These big lenders are pooling these loans together in large mortgage backed securities pools and selling them on Wall Street as fast as they can. Because they too learned from the mistakes that the S&L industry made holding the mortgages in their own portfolios. The S&L industry collapsed because of the Reagan deregulation policies of the 1980's that resulted in disintermediation. Deregulation immediately doomed the S&L industry, it just took 10 years for the regulators to bury them. The only difference today between a mortgage broker and a mortgage lender is that the mortgage broker has less overhead and can therefore offer the consumer a lower interest rate. That is why the big lenders have made it so easy for the mortgage brokers to do business with them. Just as you don't see a commercial bank on every corner anymore, you also don't see the big lenders opening so many retail mortgage loan offices on every corner anymore. Any attempt to place the mortgage broker in an unfair competitive position with the big lenders will only result in costing the consumer more money. The mortgage brokers stepped in and picked up the S&L market share in the mortgage markets starting in the 1990's because they can get the job done faster and cheaper for the consumer. Realtors have always tried to avoid doing business with the big banks in our market because the big banks always took twice as long to close the same transaction. We currently have one of the big banks here in Orlando taking 30-45 days to underwrite an FHA loan after the mortgage loan package is submitted for approval. By comparison, mortgage brokers because they are independent and therefore more flexible can get the same loan package underwritten locally in 3 days. The consumer can't distinguish the difference anymore between a mortgage broker and the big lenders. The consumer wants the best interest rate, the fastest loan approval and the smoothest closing from their mortgage professional. So do the Realtors selling the home and all of the other service providers involved. The consumer does not need more confusing disclosures than they already are presented with for signature. On average, my clients are required to sign 25 pages of disclosures at application and another 50 pages at the closing table. The most confusing consumer disclosure of all is the Truth in Lending Disclosure introduced by HUD in 1974. Thirty four years later, consumers are still confused by this form and so are the closing agents who present this form to the consumer for signature at loan closing. The second most confusing issue is yield spread premium, introduced by HUD in 1992. The term YSP did not even exist in the mortgage business prior to it's creation by HUD in 1992. Our entire settlement service provider industry and our consumers have been dazed confused by this terminology for the past 16 years. We don't need more regulation and more big government in our lives at the consumer or industry levels. We need strict national licensing standards so that we have mortgage loan professionals representing and working with our consumers. The big banks in this state lobbied Tallahassee complaining that they did not like paying all the individual license fees for their loan officers. And so for the last 15 years the State has allowed originators working for lenders of any kind to skirt licensing requirements. But mortgage brokers had to be individually licensed. We need better education programs for our industry and the Federal Reserve Bank is certainly qualified to sponsor and teach these classes.