

From: DBCB9388@aol.com on 04/01/2008 08:15:06 PM

Subject: Regulation Z

To Whom It May Concern:

I have been a mortgage consultant for 14 years in Northern California. I do this job because I feel like I make a difference in peoples lives by helping them buy a home, lower their payments, help them through time of financial need.

I support the consumer protection goals of the Federal Reserve Board's proposed amendments to Regulation Z but respectfully oppose the proposal to restrict compensation for mortgage brokers.

The average consumer views a mortgage broker as being in direct competition for their business as a lender (their bank). To require the mortgage broker to operate any differently then a lender would create a GREAT disadvantage to the mortgage broker. Lenders would be allowed to steer customers away from mortgage brokers because they would "play on perception" that the mortgage broker it charging more then the lender is. The only way to protect the consumer is to insist that any disclosures apply equally to ALL mortgage originators. The lenders will be drooling at the mouth for such unequally treatment because it will be a matter of time before their competition can no longer afford to be in business. Does driving out the competition serve the consumer. I think not!

Yield spread premiums are much more then compensation. We use our premiums to offset unexpected closing costs. If we were not able to use our premiums in many cases the client would have to redraw the loan papers (usually at a cost), not close the transaction, risk losing the interest rate they are locked at, which would further put mortgage brokers at a disadvantage to serve their clients. Which leads me into my other point, it would be near impossible to give a reasonably precise dollar estimate of fees a broker will charge in a transaction even before an application is submitted because the broker does not yet know the prospective borrowers's financial status, transaction details (value of the property, payoff amounts, liens) type of product sought or amount of loan(which clients frequently change), all of which may vary as the transaction progresses. Do you expect a doctor to perform a surgery without getting tests done to determine the exact cause. Do you expect an attorney to give a client the precise amount their case will cost. Of course not because there is too many unknowns.

As a mortgage professional I cannot compete with the big lenders in advertising dollars. I must rely on referrals that come from a job well done. I cannot continue to provide a "vital" service to my current and future clients if I cannot remain competitive and expect equally treatment as that extended to other loan originators. One last question, Banks steer customers in their doors with free checking and then try to get their mortgage business as well. The banks stand to make a profit from the fees and undisclosed yield spread premium on each mortgage transaction to continue to operate their business. Why is it wrong to expect a mortgage broker to earn that same profit.

After reading the proposed rule amending Regulation Z I support efforts to strengthen our industry. I was shocked to see the proposed rules that directly affected mortgage brokers regarding further disclosure of their compensation before an application is submitted.

My first question is what industry could operate under such stringent ruling when it comes to compensation. Do we expect our gas stations to guarantee the price of a gallon of gas 30 to 90 days from now, no way because there are too many unknowns. Do you expect a hospital to supply a patient with a bill prior to their stay and then hold the hospital to that bill even though the surgery and recover time changed. Of course not because the hospital would not be able to administer proper care and the patient would suffer. It is no different in the lending industry. The proposed ruling intent appears to be to eliminate the mortgage broker from be able to properly serve their clients.

Most mortgage brokers have been in the business for over 10 years, they belong to local, state and national organizations, in California we are required to be a licensed real estate agent, we live and work in the communities that we serve. We are veterans with a tremendous amount of knowledge. I have yet to find a significant number of loan originators working for lenders that have the same knowledge or work ethic as a mortgage broker.

A part of your solution would be to work with veteran mortgage brokers to help bring back the stability in the housing market. We work, raise families and support our local community. We work hard to earn the trust of our neighbors.

Please oppose the proposal to restrict compensation to mortgage brokers.

I want to thank the Board of Governors of the Federal Reserve for considering my comments.

Cindy Brokman
Martinez, Ca