From: Spetro161@aol.com on 04/02/2008 02:55:03 PM

Subject: Regulation Z

I am writing this letter today in response to the Recently proposed amending Regulation Z, which implements the Truth in Lending Act and the Home Ownership and Equity Protection Act.

The proposed Fed Rule would put in place some useful consumer protections, but it also would impose significant burdens on mortgage brokers. In particular, the proposed Fed rule would require brokers, but not other mortgage originators, to disclose the specific dollar amount which the broker would earn from a transaction, including yield spread premiums. That disclosure would have to be made *before* the consumer paid any fee to any person, *and* Before submitting an application. Brokers may only receive compensation disclosed in that manner. If there is no such disclosure, the mortgage brokers cannot be paid by any amount by any party, lender or borrower. If this rule goes in effect all loan originators, banks, and Mortgage Brokers should have equal disclosures. The bank should also disclose the Service Related Premiums they receive to the consumer.

HUD already requires disclosure of yield spread premiums in both the GFE and HUD-1. However, the Fed believes additional disclosure is needed from brokers, but not other banks or loan originators, to protect consumers because, the Fed claims, consumers believe that brokers are a “trusted advisor” who are bound to get the best possible deal for borrowers, but do not view other originators in the same way. The Fed has taken this position even though exhaustive studies of mortgage disclosures by the Federal Trade Commission, the governments principal consumer protection agency, in 2004 and 2007 show that additional disclosures of mortgage broker compensation created confusion, caused consumers to choose more expensive loans, led to a bias against broker-assisted transactions, and impeded competition, thus hurting consumers.

A mortgage broker is not the middle man between the bank and the consumer, mortgage brokers search hundreds of different lending institutions that the general public do not have time to search or even have access too. A Mortgage Brokers main function is to secure the best loan for the consumer at the lowest possible rate and cost. The bank is also restricted to fewer loan products they can offer due to their individual investors. Different banks have different investors which prohibits consumers to be able to access various loan products that a Mortgage Broker can access.

If a consumer goes to a local Bank and they cannot get approved for a mortgage, they then search for a reputable Mortgage Broker. A Mortgage Broker works extremely hard to get a Mortgage to close and fund that is the only way the Mortgage Broker gets paid. The loan officer

for the bank on the other hand is an employee who is salaried. If the bank denies the loan the employee still gets paid. What is their incentive to get you the best loan for the consumer? - or any loan at all.

Banks can also tell the consumer that they are not paying any points or fees because they can make up various names for the fees they charge, such as loan origination fees, commitment fees, rate-lock fees,assumtion fee etc. The GFE is very outdated and needs to have these "Junk Fees removed". Mortgage brokers can only charge a broker fee and, depending on the rate, they might not even charge the broker fee since they'll get paid yield spread premium by the lender. They are also disclosed all their fees in various ways. the Good Faith Estimate, HUD1, and the Mortgage brokers individual disclosures.

A Mortgage Broker cannot give a precise dollar estimate of the broker fee or YSP that they are going to charge in a transaction because the financial status,credit,loan amount, and other transaction details can change. Banks also can change pricing and products due to market conditions. Mortgages from consumer banks cost more because they have greater liability and higher costs associated of doing business.

The bank will tell you that since they make the loan, they can make the underwriting decisions. While this is true, they still must adhere to the investor guidelines. Also, banks frequently close under their own name, and then resell the loan to avoid liability. Shouldn't they have to also adhere to the same guidelines as a Mortgage Broker since they are doing exactly what Mortgage Broker does originates the loan & then sends it to a lender and then they buy it.

Mortgage brokers work with all the big-name lenders the public are familiar with - Citibank, Wells Fargo, Washington Mutual and also lenders that the public never even heard of because brokers work on the wholesale side of the industry. When you compare a broker's rates from one of these banks to what the same bank would offer a consumer directly, the broker's rate will always be lower! Think about it, brokers would have to be cheaper. Otherwise, there wouldn't be a market for brokers to work in, and brokers wouldn't be responsible for two out of every three U.S. mortgages!

Whether the consumer decides to work with a mortgage broker or a bank, the most important thing they can do for themselves is to choose someone they can trust. Make sure they have a good reputation. Beyond having a clean record with the Banking Department and the Better Business Bureau of the states they are licensed in. Working with someone they can trust can save the consumer time and money. Remember for several years banks were giving low teaser rates to thousands of homeowners and the rates were Adjustable Rate Mortgages (ARMs), enticed by the low introductory interest rate. Now that this introductory rate is adjusting, many homeowners are facing mortgage payments that they simply cannot afford. The result? Unfortunately, some of these homes will wind up in foreclosure. The Banks were offering these loans. A good mortgage broker will try to learn about the consumers personal circumstances, future plans and goals so

they can advise them as to which mortgage is right for the consumer - for their short-and long-term interests. I think the Nationwide Licensing system is a good start but some of these changes in regulation Z will hurt the consumer. The large Banks and Wall Street are the entities that need to be more regulated. The Mortgage Broker is a paid service that aids in a Real Estate transaction by serving both parties, but representing neither.

Thank you for your time & consideration,

SAL PETROZZINO
CEO/PRESIDENT
Worldwide Capital Mortgage Corp.