

From: "Adam Carroll" <adam@fourlegaciesmortgage.com> on 04/04/2008 09:40:03 AM

Subject: Regulation Z

To Whom It May Concern:

I am the owner of a mortgage brokerage in West Des Moines, Iowa and have had my company open for just less than a year. Prior to being a broker, I worked as a wholesaler for a major lender. I started this company on the premise of helping my clients improve their financial situations for the better, and not on how much I could make on each transaction.

The proposed amendments to Reg Z are positive in some respects, and industry destroying in others. While I understand the desire to have all information fully disclosed to our clients, I challenge the notion that mortgage brokers are the only egregious offenders of not being completely upfront about how they are paid. In fact, with the impending changes to legislation, the tightening of guidelines, and the state of the economy, more and more unscrupulous loan officers are abandoning their positions with a broker and taking jobs at local banks where they are sure to repeat their illicit behavior with the banks clientele. The only difference being they don't have to disclose Yield Spread Premium or what they're paid in salary and bonuses or what they could've gotten rate-wise with no commission.

There is a natural selection process happening in the broker world and it's happening on its' own. The fly-by-night operations that were just in it for a quick buck are leaving in droves. Those of us that are serious about helping our clients are still here, still holding on, still trying to do right by our clients, still trying to eke out a profit even though borrowers are in the worst financial shape I've ever seen. Banks won't help these people – they're too busy counting their fee income.

This proposed change is not beneficial to customers. In fact, when terms like yield spread premium or loan value premium are brought up to a client, their eyes glaze over with confusion and they begin to think "maybe I should just go to a bank". At that point, they'll probably be sold a higher cost loan with more hidden fees by someone that was selling cars a week ago and doesn't care if it's a good deal for the borrower.

I appreciate the Fed's willingness to consider this statement. If the proposed amendments are passed, the mortgage broker industry as we know it will cease to exist, along with billions of new originations which only serve to bolster our economy. This is classic Atlas Shrugged material.

Sincerely,
Adam Carroll
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