

Subject: Regulation Z

Date: Apr 04, 2008

Proposal: Regulation Z - Truth in Lending

Document ID: R-1305

**Document
Version:** 1

Release Date: 12/18/2007

Name: Kathy MacLeod

Affiliation: The Mortgage Lender, Inc.

**Category of
Affiliation:**

Address: 3051-B Trenwest Drive

City: Winston Salem

State: NC

Country: UNITED STATES

Zip: 27103

PostalCode: 27103

Comments:

Dear Sirs: We all know and agree that we have to make changes to better protect the consumer. However, I respectfully disagree with the Federal Reserve Boards proposed amendments to Regulation Z. We need members from all parties this action affects to take an active part in creating this bill and have equal representation. I do agree that the distinction between brokers and lenders have been blurred in recent years as lenders themselves typically package and resell loans they originate. Mortgage Brokers and Mortgage Bankers have equally important roles to provide the consumer. We equally compete to give the buyer the best rate and the best service. It is the discretion of the Loan Originator to decide which rate they want to sell. We equally receive rate sheets (based on the market conditions and the bank) and have equal incentive. But we all compete on the retail level and therefore should all be held by the same regulations including disclosures. However, this is where the equality ends. The Good Faith Estimate (GFE) and HUD-1 already require Mortgage Brokers to disclose broker compensation and yield spread premium although no requirements exist for the Lenders. And in North Carolina, where I am required to be licensed, no similar licensing requirement exists for the person doing the same job I do but at a Bank. In addition, it is 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 borrower's financial status, transaction details, type of product sought, or amount of loan, all of which may vary as the transaction progresses. All loan originators whether they represent a mortgage broker or a banking entity should be held to the same standards and offer the same disclosures. By taking away the Mortgage Brokers ability to compete is discrimination toward those individuals and will ultimately hurt the borrower. It would create a monopoly of sorts which never benefits the consumer. Consumers are largely unable to distinguish between brokers and lenders, which have similar names, use similar signage, and rely on similar advertising. As professionals, we are all entitled to reasonable compensation for our time, knowledge and efforts. My clients have felt the personal attention that I give to each of my clients and have chosen me over a lender specifically for this reason. So it only makes sense that any disclosures apply equally to all mortgage originators, not just brokers. As far as having to determine the borrowers ability to repay the mortgage for at least 7 years is outrageous. All of our industry guidelines show us that we need 2 years history (job and housing) and 3 years continuance on child support and social security. In the year 2000 who would predict that Al Qaeda would take over 4 planes and crash them into the twin towers, the pentagon and a field in Pennsylvania? In the spring of 2005 who predicted that same year during the summer a hurricane named Katrina would devastate the South and bring down the great city of New Orleans? Who predicted the stock market crash of 1930's, changing the country for years and creating "The Great Depression?" Who predicted in the 1970's the oil prices would skyrocket and creating an inflation that we are still paying for? Who predicted the housing market crash in 1980's changing the housing market for years? And in the year 2005 who would predict the housing market would be where we are at today? If no one could predict these events and act accordingly, how are we therefore able to predict job loss, death of self, spouse or child, disability and many other occurrences that will inhibit the buyer to repay the loan? The simple answer is this, no one can predict the future, now our own and certainly not someone else's. God is the only one who knows for certain what the future will bring, to suggest otherwise is ludicrous. We can all only do our best to secure the borrowers willingness and desire to repay the loan. I'd like to suggest that the Board consider alternatives to the proposed regulation which would protect consumers, rather than target mortgage brokers in their dealings with all mortgage originators, and encourage competition on price and service. As a Loan Officer, working for a Mortgage Broker, I welcome competition as long as it is an even playing field and as always, I keep the best interest of my buyer at mind. Thank you to the Board of Governors of the Federal Reserve for considering my comments. Kathy MacLeod Loan Officer The Mortgage Lender, Inc.
