

**From:** "Lloyd Smothers" <Lloyd@CommercialCapitalGp.com> on 04/04/2008 12:10:02 PM

**Subject:** Regulation Z

I have just reviewed the proposed changes to Reg Z and I must say that the same banks that have congress in their back pockets have the Federal Reserve there also. To think that mortgage brokers are receiving YSP and the banks are not is pure folly. I have worked with three different banks and ALL issue daily rate sheets with YSP that charge the consumer more annual interest rate. All of the managers would set the pricing as the branch managers received bonuses for branch profits; regional managers received bonuses for the branch profits and on up the line.

Banks have been trying to get rid of mortgage brokers for a long time as they are envious of brokers taking business from them; now they have the government on their side.

I am not naive to think that some brokers abused their clients, but most do not. There are laws on the books to prosecute brokers who submit fraudulent applications. However, brokers submit their loan applications to BANK underwriters whose specific job is to review the applications to ensure the borrower qualifies for the loan.

One more important thing to remember. In the 90's the government was ordering banks to get more low income people into their own homes. To do this the BANKS along with government approval came up with the teaser rate products.

Please investigate brokers; prosecute the crooks but please do not make the playing field uneven with the banks. If you do this in ten years to twenty years you will be trying to figure out how to control the out-of-control banks; sort of like the late 1800' to early 1900's when the banks were taking all the land from people.

Lloyd Smothers

"Any government that robs Peter to pay Paul can always depend upon the support of Paul" - *George Bernard Shaw*