

03/26/2008

Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551

Dear Ms. Johnson:

My name is Nancy McFadden and I am a Mortgage Broker in Arlington, Washington.

I fully 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.

As a Mortgage Broker we bring value to our borrowers by providing them with services to help them obtain the best loan for their needs, at a great value. In addition we add value to every real estate transaction by serving BOTH parties, but representing NEITHER.

Brokers compete with direct lenders in this business, and recently the distinction between us has become less distinct as lenders typically package and resell loans they originate. It is very difficult for borrowers to distinguish between mortgage brokers and lenders due to the similar names, similar signage, and similar advertising. It is imperative that disclosures apply equally to ALL mortgage originators, not just brokers.

Additionally I would like to explain the role of the yield spread premium as I see it. It is much more than compensation. I always provide my borrowers with a choice on how they would like me to be compensated for my services according to what best fits THEIR needs. I explain my compensation can come solely from them, which will make their closing costs higher, solely from the lender, which will make their closing costs much lower, or a portion from both. If a borrower is short on cash it is a great option for them to have my compensation come solely from the lender. There are many borrowers I would not have been able to help if I had not used the yield spread premium to pay certain costs to help facilitate the loan transaction.

Requiring brokers, but not other loan originators, to make compensation disclosures enables our competitors to steer consumers away from brokers, even if we offer more favorable loans. It is impossible to give a reasonably precise dollar estimate of fees we will charge in a transaction even before an application is submitted because we do 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

I suggest that the Fed consider alternatives to the proposed regulation which would protect consumers in their dealings with ALL mortgage originators, and encourage competition on price and service.

I appreciate your time and thank you, the Board of Governors of the Federal Reserve, for considering my comments and concerns.

Sincerely,



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