

**From:** "Bruce Woodburn" <bwoodburn@spectrumintl.com> on 04/03/2008 11:10:05 AM

**Subject:** Regulation Z

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*My name is Bruce Woodburn, I am a small mortgage business owner in Orlando Florida. We have been helping families for 12 years by providing quality mortgage programs to our clients. We are consistently able to provide loan programs that match or beat banks terms even though banks ultimately buy our loans from us. We never sell or try to convince anyone into getting a loan that would compromise their financial wellbeing in order to make a profit. We believe that our industry needs some changes; however eliminating yield spread that a bank does not have to disclose is not the answer. It would only mean that the borrower would be forced to use a bank for their mortgage services and create a monopoly for the banks.*

**Regarding yield spread and caps on origination and discount points/fees.** *Every business has to make some profit, but the profit has to be reasonable. It costs a mortgage company about \$1200. just to put a loan through the system. That doesn't even take into account paying a loan officer the take the loan application or advertising costs. That's just raw overhead. Some loans are much more labor intensive and take many more man hours. If we are prohibited from charging a costumer a fair price, even though the customer is comfortable with the terms, than it's the customer that will ultimately suffer by not getting a loan at all. It will come down to the fact that mortgage brokers and lenders will opt out of helping someone that truly needs the help due to the fact that they can't justify the cost of helping that client.*

**Regarding bad loan programs i.e. stated Income or No-Doc loans, Balloon loans, loans with pre-payment penalties. Neg-am or interest only loans.** *Some of these loans weren't as bad as the media plays them out to be and some were. These loans get sticky when the loan-to-value gets too high. Banks were soliciting mortgage brokers to sell these loans at way too high of loan-to-value. Countrywide being the leader of the pack, other major lenders to follow just to keep the pace. This is where the governing entities should have stepped in.*

*What the Fed and our politician seem to oversee, is that banks are the only entity that can create the loan products. What our politicians fail to understand is that the mortgage broker could never close a loan that the banks or large mortgage lenders didn't provide. We can only sell loans that are available to us through banks. They're the ones that pushed the bad loans to the mortgage broker so they could satisfy their greedy stock holders.*

**Regarding Predatory Lending;** *It's the predatory lenders that you need to focus on, not the ever day mortgage broker. You're trying to punish all mortgage brokers for the misdeeds of some. If you implement a system that tracts the individual loan originator that consistently takes advantage of there customers and punish them, it will help everyone, even the mortgage brokerage business owners themselves. We would be able the see through a national system any violators before hiring them.*

*Everyone in America is aware of the Real Estate and Mortgage debacle that we're in. There needs to be a fix, but a knee jerk reaction is never the right thing to do. Let's look at this situation as a whole and work together to get through these volatile times. I am always available to share and work towards a fair and equitable solution the solving these issues, but please didn't put me out of business by implementing strangle holds that are short sided.*

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