

**From:** Susan Faulkner <susanrml@msn.com> on 04/02/2008 05:35:03 PM

**Subject:** Regulation Z

Dear Sirs,

After reviewing your Proposed Rule Amending Regulation Z (Truth in Lending and HOEPA), I would like to offer the following comments:

I fully agree that consumers must be made fully aware on the mortgage loan terms for which they are applying and that the cost of the loan be explained to them fully, however, earmarking that **only mortgage brokers** are required to disclose yield spread and announce their fees prior to taking an loan application is ludicrous.

A complete loan application with a credit report and credit scores is required to even quote an interest rate on any mortgage loan program. We cannot even see what the Yield Spread may be until that time. Often, in the course of underwriting a loan, risk factors may arise that cause the rate or pricing of the loan to change. It is impossible to give a customer an upfront quote of fees until the file has been reviewed.

Mortgage Brokers offer a very valueable service to consumers. Brokers are able to search several lenders for the best rates on a daily basis. Often, I have been able to offer a better rate and lower closing cost to a consumer than a lender who also has a mortgage shop open right here in the same town. Recently, I lost a customer to a lender that the builder **required him to use, or the builder would not pay closing cost**, The builder did not disclose upfront to the customer that he had a financial interest in the mortgage company he was required to use, and he charged the customer a higher rate, therefore, receiving larger yield spread, but he is considered a lender, and is not required to disclose all his fees. This is the case with anyone who is licensed as a lender.

The constant bad press that Brokers have created the credit crisis is untrue and biased. It is reported that 75% of the mortgage loans in default were **originated by Brokers**, but not that we **also originated 75% of the mortgages in this country**. This is biased information being passed on to consumers and to the lawmakers.

Mortgage Brokers must compete with Lenders in every way. We must compete in service, rate, and closing cost. Lenders/banks may be able offer lower closing cost, because they also have supplemental income to offset some fees, such as banks and title insurance companies, or they simply quote a higher rate to cover some of their expenses. Many of the lenders originators are paid on salary, some salary plus commissions. Brokers/originators are paid only commission.

I would strongly urge that lenders and brokers are all required to play on the same playing field, using the **same disclosures for all originators and all abiding by the same rules of ethics, and law.**

**Competition is always good for the consumer. Please do not allow unfair advantages for lenders and banks to put Morgage Brokers out of business. These proposed regulations will create adverse conditions for the mortgage brokers.**

**Thank you for taking the time to read my comments and for your consideration.**

*Susan Faulkner*

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