

From: "Jo Vernon" <jvernon@westmorelandfinancial.com> on 04/02/2008 06:30:03 PM

Subject: Regulation Z

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I want to express support for 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

The services that mortgage brokers provide as an intermediary between borrowers and lenders, and the value the broker adds in the real estate transaction by serving BOTH parties, but representing NEITHER.

As mortgage brokers we must compete with direct lenders, and how the distinctions between brokers and lenders have blurred in recent years as lenders themselves typically package and resell loans they originate

The consumers are largely unable to distinguish between brokers and lenders, which have similar names, use similar signage, and rely on similar advertising

I insist that any disclosures apply equally to ALL mortgage originators, not just brokers

Yield spread premiums are much more than just compensation, they are used to pay certain costs and facilitate the loan transaction

In the real world, requiring brokers, but not other loan originators, to make compensation disclosures enable the brokers' competitors to steer consumers away from brokers, even if brokers offer more favorable loans

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

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 thank the Board of Governors of the Federal Reserve for considering the comments

Respectfully

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