

From: "Al Cann" <acann@AMMortgageGroup.Com> on 04/02/2008 06:50:03 PM

Subject: Regulation Z

Dear Sirs,

I am a mortgage lending veteran of over 24 years and wanted to take a moment to comment on the proposed rule amending Regulation Z.

I support the need for consumer protections but respectfully oppose the need to restrict compensation for mortgage brokers. As in any industry, a broker serves as an intermediary between the consumer and provider. A broker serves both parties in a transaction but directly represents neither party. Mortgage brokers directly compete with direct lenders although the distinction between a broker and a direct lender has blurred over the years. Even direct lenders often originate loans that are brokered or are packaged and resold immediately. Frequently, consumers are unable to distinguish between brokers and lenders as the two categories share in similar advertising, signage and names.

Disclosure of compensation should apply equally to ALL mortgage originators, not only brokers. Brokers receive yield spread premium (YSP) from the lender and direct lenders receive Gain on Sale or service release premium (SRP) on most transactions. Disclosure of these income streams should be universally applied as both YSP and SRP can be closely estimated at the point of sale. However, under the current and proposed ruling, only YSP from a broker is required to be disclosed giving the consumer a false impression of cost and compensation as compared to direct lenders who do not have to disclose the value of their SRP. This puts the broker at a distinct disadvantage in obtaining the consumers business event though they may offer a better, more affordable option to the consumer. In addition, YSP is frequently used to pay for closing costs on behalf of the consumer. YSP is a necessary part of the broker industry is vital in keeping down the cost to the consumer in obtaining mortgage financing.

Due to the fluid, and often times, volatile nature of interest rates, it is impossible to provide a reasonably precise dollar estimate of fees a broker would charge before an application is submitted as the type of financing available has become more contingent on the consumers financial status i.e. loan amount, credit score, loan to value. All of these characteristics influence the interest rate that can be offered and may vary or change during a transaction.

I strongly recommend that the Federal Reserve look at alternatives to the proposed regulation which would provide for additional consumer protections in their dealing with ALL mortgage originators, whether they be brokers or lenders and to encourage competition fairly and evenly based on price and service.

I appreciate the opportunity to express my opinion and I thank the Board of Governors of the Federal Reserve for considering my comments.

Sincerely,

Alan J. Cann

President

A&M Mortgage Group, Inc.

8403 Virginia Street, Merrillville, IN 46410

219.794.0600 Office

219.736.9238 Fax

708.769.6690 Cell

