

From: "Barry Carraway" <carraway@erec.net> on 04/03/2008 11:45:03 AM

Subject: Regulation Z

The proposed rule changes in Docket No R-1305 would shut down an entire industry and harm borrowers, not help them.

First

All mortgage originators should be licensed, not just mortgage brokers. Originator in banks should understand the products they are selling also.

Second

There is no way any originator can determine what the rate (including premium paid from the end lender) and/or fees are on a loan before they take an application. Some loans are more difficult than others. A borrower with credit issues takes more time to work things out and find a program. Your proposed rule changes will result in less loans for credit challenged and minority prospects. They will not be buying houses. Also, the rates change daily and so does the premium paid by a lender to a mortgage broker. There is no way to determine what the rate or premium paid to the broker will be until the rate is locked. And you can not lock the rate until you have taken an application and determined what type of program is needed.

Third

If you restrict compensation to brokers, then they will just quit doing loans for the borrowers with problem credit and the smaller loans. As I said before, that would mean those borrowers would not be able to buy. Minorities would be especially hardest hit; most would not be able to buy a house.

Last

It is totally unfair business practice to require more disclosures and licensing and registration for mortgage brokers only and not for originators at banks. Don't banks have to know what they are doing? Shouldn't they have to disclose to borrowers? Why aren't bank required to disclose how much money they make when they sell their loans (isn't it the same as premium compensation paid to a mortgage broker)? Right now Mortgage Brokers originate close to 60% of all loans in America. If you put Mortgage Brokers out of business with outlandish rule changes, then it will take at least a decade for the country to pull out of this recession; you will be giving the banks a monopoly on the business. They will turn down minorities/credit challenged borrowers. This possible recession will last for years.

To Summarize

I am not against regulation to help with the problems. Licensing for ALL

originators including bankers is a good idea. But think this through; if you were to apply all of these rule changes to bankers also, it would shut them down too. So why is it fair to only apply these new rules to mortgage brokers only? I suspect there would be a few lawsuits started if this happened. What you are proposing to do would be a disaster to this economy.

Thank you,

**Barry Carraway
Affordable Home Funding
phone 850-675-6977
fax 850-675-2187
6656 Greenwood Rd.
Jay, Fl 32565
carraway@erec.net**