Hillcrest *Financing Ideas. Capital.*

Hillcrest Mortgage Company, Inc.

DATE : April 2, 2008

TO : Board of Governors of the Federal Reserve System, Washington, DC

FROM : Douglas P. Shea, Senior Loan Officer
Hillcrest Mortgage Company Inc.

RE : Docket No. R-1305

My name is Douglas P. Shea, senior loan officer for Hillcrest Mortgage Company, Inc. I live in Bristol, Connecticut 06010 and have been a loan officer for the past 7 years.

I support 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. I feel very strongly that Mortgage Brokers act as an intermediary between borrowers and lenders. We gather vital information from the customer, which we process through an automated system, such as DO or DU, in order to determine what the customer will qualify for. We then proceed to review mortgage products and rates provided by the various lenders and share those with the consumer for their approval. We provide real value to the consumer because they have choices. We do not direct our customer or favor one lender over another. We let our customer make the choice. We do all the leg work and present the facts to the lender of choice.

Sometimes we do compete with direct lenders, and in most cases, because we work with several lenders, the consumer benefits from lower rates and costs. However, distinctions between brokers and lenders have blurred in recent years as lenders themselves typically package and resell loans they originate. We do not. YSP (yield spread premium) is much more than compensation. It sometimes pays for certain costs of the transaction. When I take an application, have all disclosures signed, gather all pertinent information, I prepare a Good Faith Estimate for the transaction. Although I pride myself in being as accurate as possible, sometimes circumstances, such as the prospective borrower's financial status, transaction details or the amount of the loan changing, will change these costs.

I find it interesting that the Board of Governors of the Federal Reserve would require only Mortgage Brokers to make compensation disclosures and not require other loan originators to. I would like to suggest that the Board of Governors of the Federal Reserve consider alternatives to the proposed regulation which would protect consumers in their dealings with **all** mortgage originators and encourage competition for the benefit and protection of the consumer.

I thank the Board of Governors of the Federal Reserve for considering the above comments.

960 Main Street, TS Level, Hartford, Connecticut 06103
Telephone (860) 548-3000 Fax (860) 548-9553
www.hillcresthomeloan.com
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