

**From:** Lynnapiper@aol.com on 04/04/2008 06:15:04 PM

**Subject:** Regulation Z

Again the handcuffs are slapped on all mortgage brokers to try and curb the misbehavior of a small percentage. These Reg Z changes are not only unfair, as they apply only to mortgage brokers and not to banks and credit unions, but also unrealistic. Loans tend to evolve as the buyer changes their mind on purchase price, product, points, et cetera throughout the course of escrow. To be able to pinpoint the exact profit from inception is virtually impossible. What if the escrow closes late? Who then pays the costs for extending that loan? What if rates drop and a better rate is renegotiated with the same or a different lender? Shouldn't the client benefit from that if they get a lower rate than initially agreed even if I make \$200 more at the same time? That \$200 is not pure profit. Some of it is to defray the costs of processing a second package to obtain the lower rate.

It has always been my policy to disclose my profit to every borrower. I have my loan officers do the same. I explain how points and yield spread work. I encourage them to seek guidance from their accountants, legal advisors and friends and family. I give them all the information, I suggest what I feel is their best option and then I allow them to make an informed decision. An educated borrower is a loyal client for life.

I treat my clients ethically and honorably. I welcome the DRE or any oversight group to look at my files at any time. We target a 1% profit on each loan. We get a higher rebate if we are paying a client's closing costs for them but our profit remains approx 1%. Sometimes we make 1.25%, sometimes only .75%. Sometimes we make nothing because extensions eat up all our YSP but we still honor the commitment to the client and close their loan for free.

This new law would force me to anticipate a higher profit on each loan so I could always come in at price or below (assuming less is not illegal). This could result in some clients getting a higher rate than I would be able to offer them otherwise to protect me from the unforeseeable. Is that really the goal here? To raise the cost of loans to the consumers?

I urge you to spend this money on more worthy endeavors. Start auditing mortgage broker's files and books. Enforce the regulations currently on the books and you will go a long way towards correcting the problems that tumbled the housing market. You would weed out system abusers, non-compliant firms, ignorant brokers and loan officers, and most importantly those performing criminal activities like using straw buyers and phony bank statements to create fraudulent loan applications.

Please don't pass this new law. Fix the problems we have. Don't create new ones.

Sincerely,

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