Crown financial group
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*Residential & Commercial Lending*

April 2, 2008

RE: Docket No. R-1305

TO: Federal Reserve System

Board of Governors,

I have been in the mortgage industry since 1983, I've worked in retail, wholesale, correspondent lending and currently as a loan officer in Houston for a Texas Mortgage Broker. During my career as a loan processor, underwriter, supervisor and now as a loan officer, I've witnessed many changes, too numerous to recount.

But what has remained constant is that there are some bad seeds in every area of this business, including the banks. (remember the Savings & Loan scandals?)

I am completely behind the Boards' wish to add amendments to Regulation Z, I think constant updating and monitoring is a must to this industry.

However, I am emphatically 100% AGAINST the proposal to restrict the compensation to mortgage brokers for many reasons, and in the manner proposed I must say it's nonsensical.

There is absolutely no way possible a broker who is serving the community and its customers in a decent manner to "quote" fees to an applicant prior to application, especially in Texas!!

May I offer an *example*: Borrower "Sally" applies for a refinance mortgage with Broker "John" to reduce her interest rate. Sally says she refinanced a few years ago but only to reduce her rate at that time. As the loan progresses, we now have a signed loan package and the appraisal, but on day fifteen the title work is provided by the title company. There we see the last refinance Sally made was in fact a Texas Home Equity A6 refinance, the GFE and other disclosures are now impossible to stick to, as the fee structure is completely different for this type of refinance.

I would like to offer you a quote from the **J.D Power and Associates 2005 Home Mortgage Study**: *'Brokers appear to perform significantly better in meeting customer expectations,' said Jeremy Bowler, director of the finance and insurance practice at J.D. Power and Associates. 'Brokers are perhaps more dependent on customer referrals than the direct lenders. As a result, brokers may be more in tune with the cause and effect of customer satisfaction and advocacy*.'

I'd like to offer a personal point of view if I may on the use of Yield Spread Premium by the brokers. Every single transaction I'm involved with including those I discuss with other loan

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officers use YSP as a tool to make a transaction work to the customers' best benefit. I may offer a borrower a low rate, such as a PAR rate and indicate the fees do include an origination fee; but they may not have monies to close to cover a full origination fee, so I can offer them a slightly higher rate that offsets a reduced origination fee. I NEVER use YSP as a way of increasing my compensation, it is used as a way of ensuring I am compensated fairly for a service I provide. May I point out that compensation to a broker isn't clear income? There are HUGE expenses involved in this industry, including but not limited to licensing and educational fees; marketing; verification fees; periodicals; overhead and the list goes on and on and on....

Furthermore, the average customer isn't aware of differentiating between a direct lender or a wholesale broker. It's highly unfair that a broker is being singled out by your proposal as if you are labeling all brokers as doers of bad business.

Please do not follow through with this ridiculous attempt at improving the industry on behalf of the consumer that will result in the exact opposite. I can't imagine if a homebuyer no longer has access to the mortgage broker if we are pushed out of business; the banks would have a monopoly and be able to abuse their power as I've seen in the past.

I sincerely thank you for taking the time to read my words and hope that you truly understand my position.

Regards,

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