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Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

Reference: Docket No. R-1305

Dear Ms. Johnson;

My name is William Porro and I am a licensed financial advisor and mortgage broker here in Miami Florida. I am writing to express my concern to the proposed changes to Regulation Z. I understand the intent in the recommended changes, but I don't think restricting the compensation of mortgage brokers is what will satisfy the backlash to all the speculation that has occurred in the various market places, including Florida. What is at the center of all this financial distress is greed. Greed; on behalf of lenders, secondary markets, capital markets, homeowners, and yes originators, including independent brokers. This is reminiscent of the "dot.com" boom, where everyone wanted a piece of the action. With that said, independent brokers, not originators, loan officers, including banks, can provide the competition that is needed to truly help the homeowner and borrower long term. As a licensed financial advisor, I have come to know that there are no "bad products" only the mis-application of a given product to a client's needs. The same should hold true for the lending industry. Suitability is what should drive the process. If the product meets the needs of the client and is suitable, then proceed. This has worked well in the securities industry. With a compensation focus, there are no competitive options for the client. The current down turn in the market, in essence, has eliminated all the "bad originators" and they are no longer around. I and many reputable originators, find ourselves cleaning up all the mess they left behind.
Here are some other benefits, brokers provide to the market place and the clients and things to consider;

- Mortgage brokers act as an intermediary between borrowers and lenders, and the value the broker adds in the real estate transaction by serving BOTH parties, but representing NEITHER.

- Mortgage brokers must compete with direct lenders. The distinctions between brokers and lenders have blurred in recent years as lenders themselves typically package and resell loans they originate.

- Lenders profit and costs are already built into the rate, which truly hides the cost to the consumer. Mortgage brokers; work with slimmer margins providing a more cost-effective service to the consumer.

- If disclosures are applied, they must apply equally to ALL mortgage originators, not just brokers. Then the consumer can compare "apples to apples".

- Yield spread premiums are much more than just compensation, they are used to pay certain costs and facilitate the loan transaction.

- It is impossible to give a reasonably precise dollar estimate of fees a broker will charge in a transaction even before an application is submitted because the broker does not yet know the prospective borrower's financial status, transaction details, type of product sought, or amount of loan, all of which may vary as the transaction progresses

Finally, I suggest that the Board consider alternatives to the proposed regulation which would protect consumers in their dealings with all mortgage originators, and encourage competition on price and service.

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

Sincerely,

William Porro