

From: "Megan Sladek" <megan@oviedotraditions.com> on 04/07/2008 09:35:04 AM

Subject: Regulation Z



Dear Federal Reserve,

I am in the process of refinancing my home and believe that these new regulations, if already in put into effect, would have prevented me from getting the best rate on my loan. The reason why is because my mortgage broker (Dan Clifton of Maitland, Florida) would have had to pick a lender and locked the rate when we first began discussing the process rather than after I decided how long of a term and what size payment I wanted....at least if he wanted to recoup his costs.

Though the sentiment of disclosing spreads is an excellent one, if consumers are already ignoring all (or most) of the paperwork disclosing fees and the fee structure, that adding another disclosure will do little to improve awareness. I have gotten 2 loans personally in the past, and until this loan, I didn't pay one bit of attention to the GFE or any other paperwork I was handed to sign. There is nothing the government can do to save me from my own complacency, and if an attempt to save me from my stupidity means ending the mortgage brokerage business as we know it, then the cost is certainly too high.

As an attorney who is a member of the Florida Bar, and as a Real Estate Broker, I also have concerns for my clients. Traditionally, I feel mortgage brokers have been able to offer more flexibility to home buyers and clients refinancing their homes. There are plenty of required disclosures as the laws currently exist, and this one would do little more than force transaction costs to artificially inflate. In practice, I just cannot see how a mortgage broker could operate a reasonable business with Regulation Z amended in this fashion.

Please reconsider how this information could be disclosed to consumers. My recommendation: a few sentences on an 8.5"x11" piece of paper, in HUGE letters that reads something like this:

MORTGAGE BROKERS CAN BE COMPENSATED IN SEVERAL WAYS. A BROKER MAY CHARGE YOU FEES THAT APPEAR CONSPICUOUSLY ON THE SETTLEMENT STATEMENT. A BROKER MAY ALSO BE COMPENSATED DIRECTLY FROM THE ULTIMATE LENDER IN THE FORM OF FEES THAT YOU, AS A BORROWER, NEVER DIRECTLY SEE IN YOUR LOAN PAPERWORK. THE HIGHER A RATE YOU PAY, AND THE MORE POINTS YOU PAY ON YOUR LOAN, THE MORE COMPENSATION A BROKER MAY BE GIVEN.

Thank you for your consideration

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