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To: The Federal Reserve Board;

I wish to express support for 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.

The services that Mortgage Brokers provide as an intermediary between borrowers and lenders and adds value in the real estate transaction by serving both parties, but representing neither. Mortgage Brokers must compete with direct lenders. The distinction between Brokers and Lenders have been blurred in recent years as Lenders themselves typically package and resell loans they originate. Consumers are largely unable to distinguish between Brokers and Lenders, because they have similar names, use similar signage, and rely on similar advertising.

The Banks in particular are leading this charge to try and defame Mortgage Brokers by spreading their self driven Myths. These Myths are, (1) that Mortgage Brokers steer borrowers, who does more steering? A Mortgage Broker that has access to a miriad of products or a Bank that 4 or 5 programs at the most. The answer is obvious the Bank, They do not have all the choices and must make the consumer fit in to one of their programs, where a Mortgage Broker can put the consumer in the product that best suits the consumers needs. Myth (2) Mortgage Brokers are not closely enough regulated. The truth is Mortgage Brokers are regulated much more than the Banks at present. Mortgage Brokers are regulated to full disclose all costs and yield spread. Banks and other direct originators do not have to fully disclose all costs and yield spread. Myth (3) The Banks argue they don't work on yield spread which it totally untrue. Yield spread is the difference between what the lender pays for money they loan and the percent of interest they sell the loan at, they argue it is profit, when in reality it is nothing more than yield spread. Without yield spread no lender could loan money and stay in business! Furthermore yield spread premiums paid to Brokers are much more than compensation and are used to pay certain costs and facilitate the loan transaction. In the real world, requiring Brokers, but not Banks and other direct Loan Originators, to make compensation disclosures enable the Broker's compeditors (Banks and direct Loan Originators) to steer consumers away from Brokers, even if the brokers offer more favorable Loans!

The proposed requirement for Good Faith Estimates is unrealistic. It is impossible to give 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, transactions details, type of product sought or that the consumer qualifies for, or even the final amount of a loan, all of which may vary as the transaction progresses. There are just too many mitigating factors for the good faith

estimate to become as accurate as the HUD 1 which has to be created after all the facts and figures are in.

I would like to encourage and suggest that the Federal Reserve 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. As of right now Banks and Direct Originators have a distinct advantage over Brokers, but still are working hard to draft regulations against us to try and eliminate us. If Brokers are regulated away as the Banks desire, then the consumers will be at their mercy. The main reason Banks are so determined to eliminate Brokers is because even with the uneven playing field, they are failing consumers and consumers see the value of the Brokers services. Consumers also feel very well served by Brokers who build a relationship with them and do not directly represent Lenders and stand as a intermediary for them.

I would like to respectfully Thank the Board of Governors of the Federal Reserve for considering my comments and appeal to their common sense of fair play in handling of this matter.

Respectfully committed;

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