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VIA FACSIMILE

Nampa, Idaho
April 2, 2008

Members of the Committee
Docket No. R-1305

Ladies and Gentlemen,

I have been in the loan business since 1975 and have seen Regulation Z from it's infancy through the modern day regulation that it is. One of the key elements is to provide full disclosure to the borrowers within three days by the lender, broker or whomever is making the loan. I certainly do that on every file. This includes the loan origination fee that I will charge plus any service release premium or yield spread premium that I expect to make.

This is of course an "Estimate of Settlement Charges." The name is correct and does explain exactly what I expect to earn. However, very few clients want to "lock the loan" and fix the fees at the time of the application. Therefore we have a quandary. The pricing adjusts daily, or hourly. A recent example is a home sale for which I was the loan broker. The quote was for 1% loan origination fee plus a yield spread premium at the time of the application of .317%. This gives a very succinct total for the client to understand in the loan process.

However, two days later, pricing improved on the loan and the "yield spread" increased to 1.207%. I called the client and told him, "I believe we can get you a better rate than originally quoted." The client was happy as was I. However, upon pulling a credit report and subsequent application review I found that the client would require a larger cost to lock the loan, because of "lender paid mortgage insurance." The cost for the lender paid mortgage insurance was .98% of the yield spread. Therefore, the yield spread went from the 1.207% minus .98% for a yield spread of .23%.

The client requested I "lock" the loan after full approval to take advantage of a 15 day lock. The pricing again had changed and the "cost" for a 15 day lock was .089%. This means the yield spread was used and the client had to come up with .089% to complete his purchase. Instead of making 1.317% on the loan, I was able to get the client a better rate at a cost to him of .089% and I made 1% loan origination fee. Therefore my original "Good Faith Estimate" is incorrect and the client got a better deal.

I do not feel that I am the exception in the mortgage brokerage industry. I have met many others who place the clients' best interests before their own. As I understand the proposed change to the regulation, I would not be able to be paid because I was not "paid according to the original agreement."

Consumer protections and economic protections definitely need to be in place to protect lenders, brokers and borrowers. By restricting compensation, you restrict my ability and other Mortgage Brokers' abilities to negotiate the best possible rate and terms that we can find for our clients. I shop the best rate for my client and place the loan accordingly. If I am locked in at the time of the application, I must resort to a fixed pricing model, lock all loans for the period I estimate it will take to close the deal, and allow no market fluctuation advantage for my client. If the cost changes for any reason I will have no flexibility, the deal may not close and the consumer will definitely suffer.

Mortgage Brokers, Bankers and all of the direct lenders (including large banks like Wells Fargo) go to the same secondary for their money. The secondary prices the loans on a cost of capital market basis. All of us are subject to market conditions. Taking away my ability to flex with the market restricts my ability to help first time homebuyers get into homes, utilize the yield spread to help offset their non-recurring closing costs and take advantage of market improvements for my clients. I am sure this is not the intent of the proposed regulation change. Please consider other ways to protect consumers.

Cordially,

Clyde E. Williams

Clyde E. Williams, Broker