

From: "Joe Brammer" <jbrammer@1stmetro.net> on 04/08/2008 06:05:03 PM

Subject: Regulation Z

I am writing to you from the State of Alaska regarding the proposed rule to amend Regulation Z as referenced by Docket No. R-1305.

Here in Alaska, we have over 230 mortgage brokers who are active and operated within our state. Beginning 7/1/08 mandatory State Licensing of Originators and Mortgage companies will begin. HR 162, The Mortgage Licensing Bill, passed the legislature a year ago and was signed into law last July by Governor Sara Palin.

This sweeping piece of state legislation was in progress for 6 years and we in the mortgage community are very excited about the consumer safeguards it provides. Just to list a couple: Pre-license competency testing, 7 year background check for all addresses and states that you resided in, continuing education requirements, and very strict enforcement mechanisms.

Protecting the consumer is paramount to our purpose and we support the goals of the Federal Reserve Board in this area.

The proposed amending of Regulation Z and the implementation of the Truth in Lending Act and the Home Ownership and Equity Protection Act are great vehicles to enhance consumer protection in our country.

However, some of the provisions contained in this amendment, are discriminatory, do not protect consumers, and create more confusion to the consumer in an already intricate process.

Mortgage broker compensation, including Yield Spread Premiums, is a prime example. Currently, YSP is already disclosed on both the Good Faith Estimate of Settlement Services and on the HUD-1. Requiring yet another disclosure does not protect the consumer, (they already know) and just creates severe confusion about why the same items are being disclosed multiple times in the transaction.

Another set of YSP disclosures just simply makes the playing field more uneven.

Is there a corresponding requirement for lenders to disclose SRP?

Why not?

Are they not both considered as "gain on sale"?

Seems pretty uneven....so far.

Fee's similar to YSP are evident in all facets of the mortgage industry, including SRP paid to correspondents.

Why are we singling one component (brokers) in the delivery channel and forgetting about the other players?

Do you really think that Banks and Correspondent Lenders disclose anything about their remuneration on the transaction on the HUD-1? They don't. Why should brokers?

What's next? Wal-Mart being required to disclose the following:

“If you purchase this product from Wal-Mart you are contributing \$1.31 to their profits”
????

Seems a little absurd in a capitalistic economy.

If brokers are required to disclose their gain on sale (YSP) then why aren't Banks/Lenders required to disclose their gain on sale (SRP)???

Would you ask Wal-Mart to disclose their revenue generated on each product sold but not Macy's?

Furthermore, you have asked brokers to provide a precise dollar estimate of fees that will be charged in a transaction

before an application is submitted.

Please tell me how it is possible for accurate disclosure when we don't know the borrowers creditworthiness, transaction details, loan program, amount of the loan, proposed down payment, and most importantly their FICO score. How will we know if the borrower will be subjected to any FNMA or FHLMC LLPA's?? (Loan level pricing adjustments)

Are the Banks and Lenders going to have the same requirement?

Seems like it is getting a little more uneven.....

I would respectfully submit that the FRB consider alternatives to the proposed regulations that would protect consumers in their dealings with **ALL** mortgage originators and that we encourage consumers to compare price and service.

This can be accomplished by requiring ALL originators to use the exact same disclosures.

Requiring anything less creates a

little more uneven.

If you allow Bankers not to disclose and require Brokers to disclose you enable the brokers competitors to steer consumers away. This will inhibit competition. This will limit consumer choices. This will increase prices.

This will harm consumers.

I would like to thank the Board of Governors of the Federal Reserve for considering these comments and I welcome a response.

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