

From: ROSEANNE MATAS <matasr5@msn.com> on 04/08/2008 06:45:05 PM

Subject: Regulation Z

Dear Board of Governors of the Federal Reserve System,

My name is RoseAnne L. Matas, I am a mortgage loan officer working for a mortgage broker in Honolulu, Hawaii. I have been in the mortgage and consumer lending industry for over 22 years having worked at a large Hawaii bank as well as currently with a mortgage broker.

First of all, I would like to start off by letting you know that I fully support various means regarding consumer protection (lending). I do have my consumers, clients sign all required disclosures including the Good Faith Estimate, the Fair Credit Act Disclosure, Privacy Policy, etc..... as well as the mortgage broker fee disclosure which at present does not require a dollar amount.

There are some differences that I have dealt with working in the Bank and as a Mortgage Broker. Banks are specific in their lending practices and programs. The Banks already have an upper hand in the lending industry because of "their name", where as mortgage brokers are not as well known by name. At the same time, the fees that they charge are either the same or sometimes more. As with mortgage brokers consumers are not required to pay certain fees out of pocket (I.e. application fees, lock-in fees, etc.) The origination fees & discount fees are the same. Mortgage brokers are more personable and are able to work more closely with the borrowers which I found is very favorable to consumers. As a present mortgage broker and knowing the differences of working at a major bank as well, I would like to say that I feel that the main difference has nothing to do with disclosing compensation to consumers. This would actually be more detrimental to the consumer for the simple reason that it would put them (the consumers) in the position to be held to the amount that they will have to pay. This creates a problem more to them especially if the main reason to disclose the compensation looks like the consumer now MUST pay their loan officer. If this is the case, it should apply to ALL lending originators not just mortgage brokers.

Consumers are already aware that no matter where they go to get a mortgage, they will have to pay, nothing is free. The problem with having to disclose the dollar amount to consumers prior to or upon application is that there is no absolute way to determine the exact dollar amount which is why we initially give the consumers a Good Faith "Estimate". Which is yes, an estimate. As a mortgage broker, I have the ability to reduce the origination fee by either dollar amount or percentage to a comfortable amount that gives the consumer the rate and payment that they want and are comfortable with as well as the amount of money, of any, that needs to come out of their pocket. Thus, reducing my compensation to fully and thoroughly help consumers. Through past experience, in many cases, I have had to reduce the fees charged to the customer because of lower appraised values and/or changes in the interest rate, and loan terms, etc. All of these things contribute to changes in my/our compensation. These factors are becoming more and more common with each transaction. Banks will just do a counter offer or direct denial, where as mortgage brokers have the ability to find another possible lender, solution if you will.

Mortgage brokers have been competing with other originators since day 1. Many consumers automatically seek a mortgage from well known companies such as banks and credit unions, and many of them get turned away or denied. I have "saved" many consumers from losing their homes, as well as from being "homeless" with having to move out from their current residence, some of whom have been renting for a long period of time. Mortgage brokers are similar to other originators because we are required, by the same laws to do the same things, have the same disclosures sent to or signed by the consumers, follow the same procedures, timeline, etc., we charge the same types of loan fees which include appraisal fee, credit report fee, origination and discount fees, as well as escrow, title, recording fees. Mortgage brokers are different from other originators because we are not limited to 1 particular lender and we are the ones to help the consumer to get the best loans and rates on their

behalf. This helps consumers in a great way, they don't need to compare rates and loan programs, or find loans by themselves, some of them don't know where to start and are not treated as people but merely by a number. This statement has been communicated to me by many of my previous and some of my present (repeat) customers (consumers).

With all of the changes in the mortgage industry regarding guideline changes, program changes and program deletions, etc. There are a lot of major issues that mortgage brokers already have to work with.

Banks also rely on mortgage brokers. Many of them have a wholesale division as well, one department that I have had the opportunity of working in as well as the retail residential lending department. I am familiar with their loan programs as well as products that they (the bank) can offer. As a mortgage broker, the loan programs and products have a wider range, more programs and products that can help many more people in different ways, especially the ones turned away by the bank or credit union.

In conclusion, I would like to suggest that if it is a "must" for mortgage brokers to disclose the dollar amount of compensation upfront, that it should be inclusive to ALL other lending originators. As I re-iterate, we are all governed by the same laws, rules, policies, etc. The only difference is probably their pay scale, some of them earn a salary as well. As a broker, we work harder to get paid, and even harder if we are also earning a salary, because that would constitute more than 1 occupational title. I believe that this would be just as much of a problem to the other originators as it poses to mortgage brokers for the simple fact that even banks, credit unions, etc....and loan officers working for them all get compensated, whether it be a flat fee or percentage, etc....they are still compensated (paid) and, for doing the same or in some cases, even less work as a mortgage broker does.

I truly hope that the outcome, what ever it turns out to be, will be of great benefit to the consumers as well as fair to the mortgage brokers. Thank you for your consideration in this matter and for allowing me a chance to voice my standpoint, it is very much appreciated.

Sincerely,

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