

From: Mark Chrisman <markc@flexloanfunding.com> on 04/07/2008 03:55:01 PM

Subject: Regulation Z

Hello,

My name is Mark Chrisman and I am a mortgage broker in San Diego, CA. I am writing in regards to the Federal Reserve Board's proposed amendments to Regulation Z. Although I respect the consumer protection goals, I feel that the proposal to restrict compensation for mortgage brokers would do less to help consumers and more to help the corporations that are often more likely to take advantage of these consumers.

As a mortgage broker with relationships with several lenders, I am able to provide my customers with multiple options in regards to mortgage programs as well as shop and compare rates and terms from multiple lenders. My true agenda is to find my customers the best deal that allows me to make an income. Regardless of what I am making in YSP as a broker, my customers have benefitted because I have researched all of the lenders and programs for them and given them all of their options. At any point they can go directly to a bank or lender and compare my loan proposal. It really shouldn't matter if I am making \$10.00 or \$10,000.00 in YSP because in order to be competitive in the lending market, I have to get my customer a better deal than their bank. It doesn't seem fair that their lender, who in 90% of the cases is going to sell their loan, should be allowed to see what I am making, rather than just the rate and terms that I am offering. It will put brokers at a serious disadvantage.

As we all know the lines between broker and lender have become blurred in recent years because anyone with a wholesale line can claim to be a "direct lender". I worked for direct lenders before I decided to get my own licenses and do loans on my own. My main motivation to start my business was because I watched these companies inflate their "hard costs" and tack on unnecessary points and fees when they were getting paid YSP as well. I wasn't comfortable with the deals I was giving my borrowers, but in order to make a living I had to charge these fees. All the while I was watching our CEO and CFO pull up in their Ferraris and Bentleys to pick up their checks. Some of these people are out of business now, but they didn't give the consumers back the money they made. Are these the people we need to protect?

I am a small broker who works with clients that I have earned over the years. I am able to keep overhead low and beat almost any bank or lender because of this. As a broker, I have one agenda, to get people the best deal. But if I work for a lender, I have one agenda, to get people to borrow from my bank, whether or not they are getting the best deal. When a direct lender bashes brokers in order to get a sale that will ultimately cost the consumer more, is it really in the consumers best interest? Will regulation Z really protect consumers or are we just clouding the truth so the big players can make more money?

As I stated before, I believe that more steps need to be taken for consumer protection. What I believe is that a level playing field will force the bigger banks to offer consumers a better product. If there are broker specific regulations, it will ultimately make brokers obsolete, which will hurt the consumer in the end.

One last note. With my 6 years of experience in the mortgage and lending industry, and as a borrower for 10 years prior to that, I have seen and heard of many consumers who were not treated fairly or felt cheated. Often I worked with people who went to a direct lender because they were flat-out lied to by a salesperson who had no intention of making them a customer, but simply wanted to make a sale. I spent a lot of time with people who came from lenders like Countrywide, Ameriquest, New Century, and Fremont Investment and Loan. One thing that all of these companies had in common is that they were lenders, not brokers. Another thing they have in common is they are all either bankrupt or have been purchased in order to avoid bankruptcy. Over the years, these were the lenders with the most aggressive

and least ethical sales people I came across. I lost a lot of deals to those banks because I wasn't willing to lie to my borrowers. Eventually, when the documents were out, a lot of these borrowers came back to me because they were lied to, but a lot of them signed because the coercion had gone on so long that they could not start the loan process over. These banks made a lot of money for a lot of people, employees and investors included. Now we are blaming their lending tactics for the mortgage mess the country is in. Rather than giving companies like those an advantage over a mortgage broker, shouldn't we be offering the ethical, honest mortgage brokers that are trying to make a living while getting their customers a fair deal an equal chance at the business?

Sincerely,

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