

**From:** "Lesa Jack" <Lesa@firstsecuritymtg.com> on 04/07/2008 03:35:03 PM

**Subject:** Regulation Z

To The Board of Governors of the Federal Reserve System

Re: Proposed Rule Amending Regulation Z

First Security Mortgage Services, Inc. has been in business as a licensed correspondent lender since August 20, 1993. All of our loan originators have Florida State Mortgage Broker Licenses. Our business success throughout the years is the result of referrals from our clients. We strive to provide our clients the best loan for their situation and have never put our compensation above this goal.

We have always provided extensive disclosure to our clients. We support your further protection goals with the exception of the disclosure of our total compensation before an application is submitted. We provide a valuable service to both the lender and our clients when we find the best loan program to meet their needs. However, to be required to disclose our total compensation to a client before we have the opportunity to analyze the application and credit is not reasonable. In Florida, mortgage brokers are required to disclose the total compensation on a mortgage broker fee agreement at or within 3 days of the application. If there is subsequently a material change to the fees or rate and term of the loan, a new agreement must be signed at least 3 days before closing. We strongly suggest that you change your requirements to this scenario. This allows us time to procure the right mortgage loan for our client and allows some flexibility if circumstances change. You still have full disclosure under these circumstances.

We would also request that you reconsider your exemption of this compensation disclosure for mortgage originators working for banks. In today's economy, there are few banks that retain or service the loans after closing. We know from past experience that the retail banks are almost always a costlier alternative for our clients. We have competed head to head with retail banks since our inception. When asked to compete with a retail bank's interest rate and closing cost quote, we are almost always able to offer a lower interest rate and/or lower closing costs for our client. In most cases, neither the retail bank nor First Security charges any points to the borrower. This tells you that both the bank and First Security will be compensated by yield spread premium or servicing release fees which are not a direct cost from the client. It is not fair that First Security, or any mortgage broker, will have the requirement to disclose a yield spread premium and the retail bank will not. It will appear on the surface that the retail bank is the cheaper alternative for the client when in reality the bank rarely is.

We thank you for considering our comments.

[Lesa Jack](#)