

From: "Tomi Fratto" <TFratto@heathfinancial.com> on 04/02/2008 07:50:03 PM

Subject: Regulation Z

Dear Sirs:

I respectfully submit to you my opinion regarding the proposed changes in disclosures for mortgage brokers who would be singled out in the mortgage industry. There is not a problem letting borrowers know what we will make on a loan however disclosing this information before we even have an application is impossible - until we know their situation we have no idea which lender has a program for them and whether in their case it is better for them to keep cash out of pocket lower by having lenders pay us more rebate. We don't know if their income will qualify for a 30 year fixed rate conventional, FHA loan, USDA loan, VA loan or if they can do a loan that allows buydowns vs one that doesn't.

Put yourself in our position - someone sits across from you at your desk - you know nothing about them; no job history, no mortgage payment history, whether they have any assets or cash to put down but you must tell them what you will be paid by one of our lenders when you have no idea which lender, which loan program will best fit their situation and to make it even more challenging, interest rates and yields are changing as the people sit down.

This gives banks and retail lenders a huge advantage over us - for instance someone from Countrywide retail working on commission basis is not required to tell prospective clients how much they will make on a loan but someone working in the wholesale side selling the same loan product would have to be psychic - last time I checked I was fairly good at guessing whether it was going to rain today but guessing all the various factors it takes to determine which loan will work best for a total stranger goes beyond my abilities.

Why not make everyone disclose what they make on a sale - for example when we buy a car the salesman will have to tell us what he is going to make on the sale before we even talk about the various models available? We have lots of loan products with different yield

Why are mortgage brokers being singled out? In our area some of the worst abuse I have seen is what happened to them with builder's lenders and these loans were done by banks, not brokers.

It appears obvious to me that the intent of this new rule is simply to help the big boys at the banks - the rest of us can just join the hundred thousand others in wholesale lending who lost jobs in the past year when 246 lenders had to close.

This change will not help housing, it won't help borrowers - it's biased and frankly appears to be nothing more than a way to help the banks who in fact design the loan

programs, underwrite and approve the loans we submit to them and then cry "Broker Foul" when a loan they approved and designed goes bad due to the drop in housing values.

Thank you for considering my opinion and perhaps seeing why disclosure before knowing any client facts is impossible.

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