

**From:** "Dennis W. Amaral" <dennis@davisandamaral.com> on 04/02/2008 11:05:04 PM

**Subject:** Regulation Z

**I don't normally do this but I feel that if this goes through it will be a great injustice to the public. I agree with disclosure to my clients and if you ask anyone who has worked with me before know that I am honest with my clients and they know what they are getting, what all the closing costs are, etc. before they go sign their loan documents.**

**In the last few years there has been a movement by the big lenders to put the mortgage broker out of business. if this were not true then why is the proposed law outlined below **only applicable to mortgage brokers and not to ALL LENDERS?****

**If the mortgage brokers are eliminated as a source for home loans then the few remaining banks will have a monopoly on the market and can set rates wherever they want. Why do you think that over 60% of the loans done in the United States are done through mortgage brokers? Because we SHOP for the best rate for our clients. If the client goes to a lender directly they are going to be charged the same or more to get the loan and they will be offered only what that particular lender has to offer. We shop multiple lenders to find the best rate and program for our clients.**

**There have been numerous attempts to force the Federal Reserve Board to place restrictions and**

**disclosure requirements on JUST the mortgage brokers in the industry. What about all lenders? Why shouldn't they also be required to do full disclosure? Because they know if they don't have to and we do it will LOOK like they are doing a better job of procuring the best rate for their client BUT THAT IS NOT TRUE!**

**Every time I am able to go up against a large lender and quote a rate for the same type of loan I can ALWAYS beat their rate with lower costs EVERY TIME! This legislation is saying that we must disclose UP FRONT what the rate and fees will be associated with the loan. Do you know how many times we do a prequalification for a home loan and the client states one thing and then when we get the bank statements, credit report, etc. it differs dramatically from what they said? A lot of the time! We cannot state a rate until we have a complete package. What about the rate? Can you predict what the stock market or the bond market is going to do tomorrow? WE CAN'T EITHER! Rates can change several time A DAY! Until the loan is locked NO ONE can guarantee what the rate is going to be.**

**IF YOU ARE GOING TO MAKE THESE CHANGES MAKE IT APPLICABLE TO ALL LENDERS WHO PROVIDE HOME LOANS, not just one segment of the market, targeting the Mortgage Brokers Only!**

**Sure there have been problems with loans that has lead to this mortgage mess and I hear daily about how the mortgage brokers created this problem. Here is a**

little heard secret, **WE CAN'T** provide and sell a loan that has not been designed by the **LENDERS** like Bank of America, Wells Fargo Bank, Citibank, Umpqua Bank, Washington Mutual, etc. They design the loans, they underwrite the loans to their guidelines, they approve the loans and fund the loans we submit to them. These loans also have to be approved by the secondary market so that these loans can be sold to investors who buy mortgage backed securities.

I was shocked when these **BIG** lenders came out with programs like 100% financing with stated income for borrowers with low credit scores. I have been heard to say when these loans rolled out that why would a bank even consider a loan like this? It was a disaster in the making. Now with all the foreclosures all we hear are how bad the mortgage brokers are who put the poor clients into loans like this! We couldn't provide a loan **THAT THE LENDERS** did not offer! We hear the politicians running for president proclaiming how they are going to clamp down on the unscrupulous mortgage brokers who unthinkingly put these people into these terrible loans. What about the **BANKS** who offered these programs to sell? What about the **FEDERAL** governing bodies that allowed these loans to be made in the first place?

I counseled with borrowers when they came to me to obtain these types of loans. I told them about the pitfalls if the housing market declined, but the **CLIENTS** wanted the house, **THE BANKS** wanted these loans, **THE INVESTORS** wanted these loans, the

**CLIENTS** wanted these loans and even said to me that if I wouldn't procure the loan for them then they would go to someone who would and they did. Now they are not taking responsibility for their own actions and trying to blame us!

**AGAIN**, if nothing else make these laws applicable to **ALL LENDERS, BANKS, SAVINGS & LOANS, MORTGAGE BROKERS** whether licensed under the Department of Corporations or under the Department of Real Estate, **ALL PROVIDERS OF HOME LOANS IRREGARDLESS** to adhere to these laws, not just the mortgage brokers.

Lets keep a choice for the consumer. Lets not help create a monopoly where the consumer will get hurt even more! **PLEASE HELP!**

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