

Friday, April 04, 2008

William Stelling  
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Re: Docket No. R-1305

To whom it may concern:

My name is William Stelling and I am from Jacksonville, Florida. The purpose of this letter is to express my concerns regarding new legislation being proposed. While I am for the Federal Reserve Board's overall goal of consumer protection, I oppose the proposal to restrict the compensation of mortgage broker's.

Mortgage broker's provide a necessary service to the community. This is a service that your average banker can not provide.

Example: I have a current customer that has great credit and income and should be worthy of a loan. Because they do not fit into the normal parameters of a conventional loan they have had problems refinancing their home. Most banks have similar but differing guidelines. These are great people, great credit, great income; they deserve a loan. They have never been late on ANY payments. My job is to understand those guidelines and find the perfect home for their loan. I was able to do just that. Remember, these people had good credit and income.

It takes a great deal of capital to stay in this market and help consumers in our neighborhoods. Restricting Broker's compensation would cripple our ability to help these folks. We must market for ourselves and incur the complete cost of procuring these loans upfront before we can even help the consumer. The legislation you have proposed would in effect HURT the very consumer you say you are trying to protect. Without Broker's many of your constituents would not have homes or know the proper channel they need to apply for credit based on their predicament.

There is no difference between a broker and a direct lender except that brokers have more flexibility and variety to help the consumer . Most direct lenders I know charge more than I would because they have greater overhead (Large expensive offices, larger support staff, etc..) so they pass the cost unto the consumer. The average consumer can not distinguish who is a direct lender and who is not.

If you are going to pass legislation, pass it equally. Require originators and brokers to have the same disclosures. If it is your intention to help consumers, then pass the legislation equally. Like I've stated before, many times direct lenders charge more, have

a greater amount of junk fees and offer less in return for those charges. I have worked for both direct lenders and as an independent broker. I could not stomach charging consumers what I was forced to charge them as a direct lender.

In fact, most originators at direct lenders have not had to apply for licensure, pass background checks that requires finger print cards or had to take classes that educated them in regards to ethical loan origination that broker's are required to do for licensure. Many times they (originators at direct lenders) are hired off the street to man a phone and the consumer is just a number (transaction) to them. Many times they do not even meet the person they are working for. This is a complete contrast to the service broker's provide. Most of my clients are people I've met and many times become friends with.

It is impossible to give an exact dollar amount (**Initially**), because until we have established a relationship with the consumer we are unaware of their current financial status, type of transaction requested (cashout, non-cashout, loan to value, refinance/ purchase, construction, investment, loan amount, amortization period, proposed closing date, etc... ); all of which may vary as the transaction progresses.

Please consider alternate regulation that would protect consumers in their dealings with **ALL broker's AND ORIGINATORS equally**. This would encourage competition on price and service.

Thank you for considering my comments and please let's pass legislation that is equal and promotes competition; because that is how consumers will ultimately be protected, through competition on price and service!!

Thank you

  
William Stelling

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