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April 3, 2008

Jennifer A. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

RE: Proposed Rule Amending Regulation Z (73 Fed. Reg. 1,672 January 9, 2008)

Dear Secretary,

As a mortgage professional, I embrace initiatives by the Board of Governors of the Federal Reserve that foster fair competition among various mortgage originators and thereby increase access to loan choices for consumers. I strongly support measures that enable consumers to choose the most appropriate loan and the highest quality service at the best price, without confusion, bias or deception.

Unfortunately, the Board, while acknowledging the primary role of competition in improving service and driving down costs, will, through its proposal, impede competition and thus disadvantage borrowers. By imposing dramatically different disclosure burdens on mortgage brokers without any credible empirical evidence to justify this action, the Board reveals a dangerous bias against brokers. It is disingenuous to ask for comments and empirical evidence from participants in the mortgage market while the Board itself ignores the FTC studies that empirically state disclosures similar to the proposed will confuse consumers and distort informed choice.

Specifically, I take exception to a disclosure with language that states a creditor's payment of yield-spread-premium (YSP) would, in and of itself, cause an originator to act in a manner not in the best interest of the consumer. This incendiary language will clearly create substantial bias against mortgage brokers, even when faced with a loan proposal with lower costs and a better rate than the competition. Common sense tells us this language requirement is not meant to clarify or empower the consumer; it is meant to warn the consumer against the mortgage broker's profit motive. This will not enhance competition; it will impede it.

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The Board irrationally justifies such inflammatory and confusing language by postulating that a consumer understands when they walk into a bank, the bank is not acting in the consumer's best interest. However, the proposal gives no such credit to the borrower's ability to discern the originator's motive when they walk into a mortgage broker's office. The Board's reference to the 2001 AARP study lacks complete credibility.

I support a disclosure that would be required of **ALL ORIGINATORS** that simply states to the consumer: ***"Protect yourself - comparison shop in order the find the best loan."***

We must clearly indicate to every borrower, no matter the type of originator, that they are responsible for looking out for their own interests by comparison shopping. **"Buyer Beware"** is an effective consumer advocacy concept and it is once again time to remind Americans of this important principle. This would foster non-confusing, unbiased transparency that truly supports informed credit choices.

Sincerely,

Paul F. Donohue

Paul Donohue
President
Abacus Mortgage Training and Education