From: "David Angres" <dangres@capfundmtg.com> on 04/09/2008 03:15:34 PM

Subject: Regulation Z

TO: Board of Governors of the Federal Reserve
FR: David Angres, Illinois Licensed Originator No.: 031.0001700
RE: Docket No. R-1305

As a mortgage broker and licensed originator in the State of Illinois I support the consumer protection goals of the Federal Reserve Board's proposed amendments to Regulation Z but respectfully oppose the proposal to restrict compensation for mortgage brokers.

As mortgage brokers we act as an intermediary between borrowers and lenders providing a service to both parties while representing neither. The job of the mortgage broker is to assist a borrower in the financing of their mortgage; this includes, but is not limited to, qualifying the borrower based upon their income, assets, FICO score and overall credit worthiness and placing them with the appropriate lender that best fits this particular borrower. In short, after originating this loan we have not only performed an underwriter's duties by positioning this borrower for an end investor, we have also "shopped" this loan among several investors providing the consumer with the **most competitive loan/rate available in the market**. Additionally, we're providing the investor with an asset they can continue to earn interest on or package and resell at their discretion. Therefore, our YSP earned is more than just compensation, it is revenue derived by originating, underwriting, and packaging a loan for an investor who can choose what they wish to do with their newly acquired asset.

As mortgage brokers we perform all of the steps above while also competing directly with these large lenders who fund the loans we originate on their behalf. However, this newly proposed legislation only affects a broker and not the lender. Many mortgage companies (lenders and brokers) have similar names and signage; many advertise in the same manner; how does the average consumer truly know the difference between a lender and a broker? Furthermore, by drawing a line in the sand between disclosure practices of brokers and lenders, the end result will almost certainly be a net loss for the consumer. Tougher regulation almost always means less competition. How does this method of thinking benefit the consumer? In today's competitive marketplace with every lender and broker alike competing for business via radio, television, and print ads, not to mention the use of the internet and direct mail, where is the line drawn when the general public can not differentiate between a lender and a broker?

The truth is they don't and if the Fed wants to implement sweeping changes of this nature to "protect the consumer" than it must apply to ALL originators and NOT just brokers!

In the real world if a consumer is looking for a mortgage professional to work with they have many options to choose from: they could ask a family member, a friend, a neighbor, their realtor, their developer; they could go on-line, pick up a local newspaper or real estate magazine; their options are, and should be, limitless. However, the Fed's thought process of requiring mortgage brokers to disclose a specific dollar amount of compensation that a broker would receive from both the borrower and/or lender ***before*** an application is submitted without knowing a consumer's ability to repay on that mortgage is inherently flawed from the onset. It is nearly impossible to give a reasonably priced dollar estimate of fees if an individual broker does not yet know the prospective borrower's financial status, transaction details, type of loan product or program sought, or even the amount of the loan; all of these items, of which, inherently affect the price (or YSP) earned by the broker.

As a licensed mortgage professional I am in favor of full disclosure. In fact, we have been disclosing YSP to the consumer for years. However, if the concept here is to get everyone to "play by the rules" - to protect the consumer - then the rules must apply to all! It is not the Fed's right to pick and choose who plays by a particular set of rules. If an individual originates then they originate, no matter the company they choose to work for.

The Fed's proposal to "protect the consumer", while valiant in its efforts, falls tragically short of doing nothing but favoring Corporate America, hurting the small business owner, and, in the end, truly defeating the purpose by removing competition in a free marketplace forcing consumers to take whatever rates, terms, and fees the major lenders can get away with charging.

Most major lenders in this country have a retail and a wholesale channel. It is apparent that the wholesale channel, specifically, is very profitable otherwise why would the lender offer rates at a discounted (or wholesale) price? Do you truly think you are "protecting the consumer" if they have to choose between someone who is required to disclose their compensation up front versus a lender who gets to play by the Fed's rules?

There are better ways to protect the consumer and I ask that the Fed consider alternatives to the proposed regulation. Most mortgage originators, in general, are ethical business people that provide a service for their clients that is invaluable. However, this newly proposed legislation is simply discriminatory in nature, discourages competition on price and service and inevitably hinders the consumer's right to choose the originator (broker or lender) of their choice.

If the Fed is truly interested in "protecting the consumer", than they should require that ALL originators (broker **and** lender) be licensed by their respective state, as well as create a national registry of loan originators that consumers can access. Similar to what has been done here in Illinois where we are required to pass a background check, formal testing as well as continued education on a yearly basis to maintain our approved licensed status. And if an originator (broker and lender) is caught doing anything that adversely affects the consumer then they should be fined or their licensed simply revoked and noted on the national registry for every consumer to see.

The Fed is directing its efforts at one group of individuals: brokers! Instead of singling out a minority why not require the majority to play by the same rules? Licensing for all! Full disclosure of YSP/compensation for all! This is how one truly protects the consumer! Not by favoring Corporate America but by requiring that ALL originators operate under the same rules. The truly sad part of all of this which is clearly being overlooked, if the Fed doesn't require licensing and full disclosure of YSP/compensation for all originators, then they are simply creating a safe haven for rogue brokers to work in the mortgage lender community.

I would like to thank the Board of Governors of the Federal Reserve for considering my comments and simply ask that the rules of mortgage originating be applied to all in our industry.

Thank you,

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