

From: "Steve Huber" <schuber72@comcast.net> on 04/09/2008 08:55:02 AM

Subject: Regulation Z

I believe that the consumer protection act is one of the most needed and required proposal pending today. However, like most legislation, there are good points and not so good points. I believe that not making the mortgage profession equally legislated is not only fair but unjust. I respectfully oppose the proposal to restrict compensation for mortgage brokers. Mortgage brokers have been created and are utilized by the general public because they perform a service that millions of consumer, including myself, feel offer great value. When I purchase my homes, I go to a mortgage broker because I get better service, lower fees and a better rate than the banks can offer. Mortgage brokers are paid on a commission basis. If they don't help the consumer or do not perform their job well, then they will not have repeat business which will put them out of business. Mortgage broker rates are consistently better than banks and other institutions and are extremely competitive in fees. We live in a technologically advanced world where rates, fees and programs are readily available to the average consumer. This was not so just 10 years ago. Consumers now shop on line for mortgages just as easy and readily available as they do for grocery shopping. Consumers don't care whether they get a mortgage from a bank, credit union or a mortgage broker. If they do care, then they will choose which one they want no matter what the regulations are. Consumers can't tell the difference between a lender and a broker. They have similar names, marquees and advertising. Consumers want fair rates, fees and customer service no matter who they go to.

If we are going to protect consumers from mortgage fraud, then we need to protect them from every mortgage originator, not just a few. I insist that any disclosures apply equally to ALL mortgage originators, not just brokers. We earn money based on our performance and our knowledge. We earn a Yield Spread Premium because we offer more programs than most banks and credit unions. We have programs that a conservative bank or credit union doesn't. This means that we offer a solution and program for more consumers. If brokers are treated unfairly in the mortgage process, then consumers will ultimately loose by the loss of mortgage programs. If consumers don't have as many options, there won't be as many buyers. The loss of buyers will definitely hurt the already failing economy through greater loss of jobs across every sector. From appraisers, title companies, attorneys, processors, loan originators, survey companies, closers, home builders and sales people. Other originators will steer potential applicants away from brokers, even if brokers offer a better program, rate and fees. This will ultimately hurt the consumer because they are now comparing unequal originators who unequally do not have to disclose the same information. How is the consumer suppose to make an educated decision when the government is attempting to uneven the playing field. This will allow the other institutions to initially lower their fees and rates, knowing they don't have to disclose them, only to harm the consumer with higher fees and rates later in the process when it is too late for the consumer to make any necessary changes.

The required disclosure that is being proposed will not be accurate because it is impossible to give a reasonably precise dollar estimate of fees a broker will charge in a transaction even before an application is submitted because the broker does not yet know the prospective borrower's financial status, transaction details, type of product sought, or amount of loan, all of which may vary as the transaction progresses. It is very common for a borrower to change programs, rates and loan amounts. This means that if we offer the consumer the same rate, programs and fees but the buyer decides to choose a larger loan amount, then the broker is penalized and won't earn the same yield spread premium because of a change of program by the consumer? I find this quite unfair and disturbing. We calculate numerous loans programs and rates for consumer several different times during different stages of the mortgage process. Consumers are always wanting to know how they can get a better deal. We provide this for them and just because we advised them of the amount of our compensation based on the initial discussion, we are to be penalized because we are doing our job and providing the consumer with the best loan programs they are requesting.

I believe that the Fed should consider alternatives to the proposed regulation which would protect consumers in their dealings with all mortgage originators, and encourage competition based on price and service. It is currently working as consumers shop from clothes to furniture to cars and houses. If the playing field is equal, then how can the consumer go wrong. And isn't that what the legislation is about.

Protecting the consumer to make it easier for them to make an educated decision. Heck, I think you should pass legislation to regulate the furniture and bedding industry. I have a heck of a time figuring out what is good and what is bad.

I want to thank the Board of Governors of the Federal Reserve for considering the comments.

Make it a Great Day!

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"The highest compliment I can receive is a referral from a friend," "P.S. While my business is good and growing steadily, it is important for you to know that I am never too busy to help those you refer to me: your family, friends, neighbors, and coworkers,"