

From: "Lisa Epstein" <lisa@leaplending.com> on 04/08/2008 08:05:02 PM

Subject: Regulation Z

Hello:

My name is Lisa Epstein. I am founder and president (and broker of record) for JL Epstein, Inc. dba Leap Lending, a small 6-person mortgage brokerage based in San Diego, CA. I am writing because I feel compelled to comment on the potential new Fed rule as it relates to mortgage brokers and their loan originators. I have put off sending my comments in until today because every time I have sat down at the computer in an attempt to compose a thoughtful, well-rounded and cohesive letter that addresses every issue with this rule that I feel is SO important – I get overwhelmed with everything I want to say and so I have deleted every attempt thus far. However, today is the deadline and I know that I MUST at least try to convey my feelings about the true and often-overlooked-lately *value* of the services that mortgage brokers provide to the consumer. So here goes:

We, mortgage brokers, are actually running small businesses across the nation. We spend quite a bit at our local Fry's, Staples and Office Depots. We are self-employed and employers – adding valuable jobs to the marketplace. We contribute and volunteer at local charities, we sit on community improvement committees. We serve in local Chambers of Commerce. We are your neighbors, friends, and fellow church-members.

As a mortgage broker, I make it possible for my borrower to get the *right loan program* at a competitive interest rate because once I know the borrower's particular and unique financing situation, I am able to check with many lenders/investors on my borrower's behalf and get the very best loan program and rate available to that individual. Because of my ability to earn YSP, I am able to cut closing costs to a minimum and not charge any origination fees to the borrower and in some cases, I am even able to cover some or all of the regular closing costs for the loan! It is always the borrower's choice – and we talk about it – case by case – because everyone's situation and financing needs are unique. Then, many times, issues are uncovered during the process of the loan – issues with prepayment penalties, delinquents taxes, alimony or child support that we didn't know about at the time of application, sometimes there are liens that show on title that we were unaware of at the time of the loan application. These issues affect the potential new financing and possibly the loan program/loan amount/ysp. Requiring certain unchangeable disclosures upfront, before the loan process in complete is ludicrous in the real world process of obtaining a home loan. In many cases, if some of the proposed items are implemented, the mortgage broker could end up having performed an exceptional service on the borrower's behalf, representing hours and hours of work and end up with no compensation at closing.

We, mortgage brokers, help you (the consumer) in a myriad of ways and you are benefited most by the many *choices* we make available to you. When a consumer goes directly into a bank – the loan officer (who may not have ANY training at all in loan programs or financing strategies outside what that bank offers) will most likely offer the product that is being incentivised that week or month by the bank, without regard to client's needs or even looking outside the banks portfolio of products. Without brokers, the borrower's choices will be heavily limited. And the burden of searching for the right loan program falls completely on the borrower to go bank-to-bank looking for the right deal. So many borrowers would end up just taking what was offered. Where are the competition and the consumer choice in the above scenario?

On another note: to target YSP as if it is a bad thing for the consumer is baffling to me. Because of YSP, I am able to keep borrower's closing costs to a minimum. Again – this is an issue of consumer choice. The borrower gets to choose the lower PAR rate with origination (this is nice when seller is paying closing costs or there is enough room in a refinance to cover closing costs and origination) or a higher rate where it is sometimes possible for me as the broker to cover ALL the closing costs for a borrower. Moreover, forms of YSP exist in almost every business that I can think of: car sales, title, medical practitioners

(doesn't the doctor receive UNDISCLOSED perks for prescribing that medication or using certain vendors?), banking (i.e. SRP which is NEVER disclosed to the consumer unlike YSP which is already ALWAYS disclosed), and the list goes on and on. The bottom line: consumer choice is extremely important in every industry. It keeps business competitive and when businesses are competing, it is always better for the consumer.

Finally, there is no doubt that we need to eliminate fraud and make the mortgage and home buying process easier and more consumer friendly and I wholeheartedly support every effort toward making this possible. But I believe that this proposed rule if adopted as written will end up making homeownership even farther out of reach for thousands of people, it does not make the process easier or more consumer friendly and it will effectively put me and thousands of other small business owners (mortgage brokers) out of business!

I know many others have written and I can only hope that they are more effective in addressing the proposed rule on a point-by-point basis. As for me, I am writing an emotional note, from my heart to say – please. Please, let's address fraudulent practices. Let's make buying a home less attorney friendly and more consumer friendly. Let's fix the industry related issues that we can, but let's NOT adopt new rules and regulations that will most assuredly and without a doubt put thousands of people out of business.

In closing, thank you for giving me the opportunity to comment on the proposed rule and for taking the time to read my letter!

Regards,
Lisa Epstein

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