

From: "Jaret Frack" <jfrack@citywidemortgage.com> on 04/08/2008 08:15:02 PM

Subject: Regulation Z

April 8, 2008

From: Jaret Frack in Bel Aire, Kansas

Subject: **Docket No. R-1305**
Proposed Changes to Regulation Z and HOEPA

Dear Sir or Madam:

I have recently reviewed the Federal Reserve Board of Governor's proposed changes to Regulation Z (Truth in Lending) and the Home Ownership Protection Act. While I support the Board's efforts to increase customer protection, I must respectfully disagree with the fully scope of the proposed changes as it would impose significant burdens on Mortgage Brokers but not other industry professionals.

To start off with, the proposed Fed rule would require brokers, but not other mortgage originators, to disclose the specific dollar amount which the broker would earn from a transaction, including yield spread premiums. That disclosure would have to be made *before* the consumer paid any fee to any person, *and* before submitting an application. Brokers may only receive compensation disclosed in that manner. If there is no such disclosure, the mortgage brokers cannot be paid by any amount by any party, lender or borrower.

HUD already requires disclosure of yield spread premiums in both the GFE and HUD-1. Additional disclosure is unfair to Mortgage Brokers and creates an even more uneven playing field. I would like an explanation as to why Mortgage Brokers are burdened with this requirement but not other industry professionals such as Bankers. Please explain why this regulation does not apply to them.

In addition, the proposed revisions are suggested at an extremely crucial time. In an industry that has already been hit indirectly through problems created by others (Wall Street banks) that the mortgage brokers have had to deal with, another restrictive regulation of this nature will further clamp down on the availability of the consumer to shop around. With credit markets so tight, more regulation that restricts consumer choice could lead to a prolonged and deepening housing crisis. What this country needs right now are independent mortgage brokers that are free to shop around and find a lender (we can choose from 100's of lenders, though that pool is shrinking nearly every day) that can best help the individual customer's situation.

Limiting broker compensation and increasing the amount of confusing disclosure provided to the customer is not the answer this country needs right now. This is not the time to experiment with new regulations that could have drastic unintended consequences to the industry

We have already experienced trying times further regulation is not the answer unless all parties are on an equal playing field. If brokers are removed from the equation, then not only will the mortgage industry suffer, but so will the overall housing industry (Builders, Lumber, Manufacturers, Service Providers, etc). Does our economy really need to face all of this at once?

Thank you very much for reading these comments and taking the time to read my opinions.

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Sincerely,

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