

From: "Kevin Teel" <kevin.teel@benchmarklends.com> on 04/08/2008 07:55:01 PM

Subject: Regulation Z

I would like to second these comments below, and add the following question.....Where is the outrage at Realtors in this country who, at the closing table, while listening to the various fraud being perpetrated on their clients in various ways did nothing? To claim ignorance of the lending process is to say the least, much less than a poor excuse.

Also - don't forget, which you seem to have, that while there was corruption, fraud, and general slimy running amok amongst mortgage brokers, the programs brokers had to sell to their clients had to come from somewhere, and they came from the lending companies themselves. Just because there were clients who had 580 credit, who went stated income, no reserves, no housing history, and no verification of rent, that does not make the broker, by default, responsible for the client's foreclosure. The lender had the program to sell. I, as the broker offered it to the client. The client accepted with a promise to pay. It was the client who didn't pay the mortgage, not the mortgage broker who put him in that position. I have not had one client foreclosed on in 3 and half years in any of the programs I offered from those types of lenders to my client. Am I just lucky? No. Should I now be punished for something that I had nothing to do with? No.

I would like to point out a few items that I believe are worth consideration in your clean up of the mortgage industry. Please read and consider the following:
I think you are missing some vital information and thereby being very unfair when it comes to your treatment of mortgage brokers. I have been a mortgage banker, correspondent lender, and a mortgage broker with over 10 years experience. While it is easy to attack the brokers and their YS premium, bankers get the same rebate through a service premium, yet they are not required to disclose it. The result is the same to the customer...they pay a higher rate because there is an incentive for "marking up" the price of the money. Isn't this what free enterprise is all about? Doesn't every furniture and car company arbitrarily mark up the cost of their items before they sell them to the public? When you go to buy a loaf of bread at the store, do you know exactly what the store paid for that bread? If they got a special rebate from the manufacturer or distributor, do they disclose that too!
In my 15 years of business, I have found, just like every other business, that I will not be competitive in the marketplace if I mark my prices up too high! It works the same in every industry. Look at the airline industry...didn't the government stop regulating that in the 80's? The net effect was prices went down...not up! To target "only brokers" as if they are doing something different from grocery stores, bankers, and every other vendor is ludicrous. If a broker has to disclose exactly what they "mark up" the price of the loan or what they are making, then why doesn't a builder and a bank?
Please do not punish the few honest lenders that are still in business because of the mis-deeds of others that aren't even in the industry anymore. It is not consistent with our free-market economy. It puts an unfair advantage to larger banks that do not have to disclose their service premium who look like they "make less" on the deal, when in fact they many times make more. If you want to protect the people, then force every lender in every state to use the same GFE and force them to honor it. That way the consumer can truly compare apples to apples with open

disclosure for ALL charges, and force them to be accurate. We routinely see companies like CWBC, Ameriquest, and other "nationally known banks" (who both have gone out of business in one form or another) use misleading and "bait & switch" tactics. I routinely use GFE's from Wells Fargo (another major lender) to teach consumer awareness courses about lack of disclosures and misleading GFE's. Let's clean up the entire industry and hold them all to the same standard, instead of protecting the ones that have the money to pay lobbyists.

Furthermore, stop protecting the builders ! Some of the biggest builders like DR Horton have whole subdivisions going into foreclosure because they are "immorally" allowed to artificially set prices, and then give large "incentives" to coerce a buyer into using only their lender! If you want to talk about corruption, this ones easy! They pre-qualify borrowers based on ARM payments and 100% financing either conventionally or through Nehemiah. Then as prices fall because of either market conditions or because of heavy discounting on the last homes sold, the buyers are not able to get re-financing because they're upside-down. Where are their "special lenders" and incentives now? The new homebuilders SHOULD NOT be allowed to participate IN ANY WAY in the financing of a home! This system is grossly corrupt and it has decimated neighborhoods around the U.S. Why do you still allow this? Any connection in ownership between a builder and the lender should be a crime!

If you truly want to clean things up, make it a fair and 100% equitable environment for all lenders, whether they're bankers, brokers, or correspondent lenders. In addition, PLEASE TARGET THE INCREDIBLE CORRUPTION BY NEW HOME BUILDERS AND THEIR "INCENTIVES" TO USE THEIR LENDERS. What they have done and continue to do to the American public is criminal. It should be illegal for them to offer ANY incentive to us ANY lender! If they give any referral, they should have to recommend at least three! We have these kinds of protections when it comes to insurance for a home and recommending a realtor, isn't it time that we incorporate these same protections in the building of new homes?

Thank you for your time.

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