

From: "Karen Schenone" <karen@divcap.net> on 04/08/2008 07:25:03 PM

Subject: Regulation Z

To the Board of Governors, Federal Reserve:

I am a mortgage broker in the Silicon Valley area in California and have been serving my clients since 1990. I have great concern about some of the proposed amendments to Reg Z. As there are consumer benefits with some of the changes, there are huge changes that will be detrimental to the consumers ability to make wise choices, or to even have choices.

We are in full support of early and full disclosure of compensation to mortgage brokers, however, it is imperative that all originators, including direct lenders, follow the same guidelines to make sure the clients can compare apples to apples up front.

The Yield Spread Premiums are extremely helpful to those homebuyers that would prefer to keep cash reserves and take a slightly larger payment. They have the ability to do more financial planning with more options. As long as there is full disclosure, there is no harm, only more options.

In reference to classifying loans as high cost loans (HOEPA) if the APR is 3% above the Bond rate, I feel this would have a huge impact on the majority of consumers as it would eliminate certain types of loans (mainly jumbo loans) which would ultimately have a very negative effect on the housing market and housing values as a whole. This limits not only the average home buyer in the state of California, but the high net worth borrowers that demonstrate their ability to manage debt and only help fuel our economy. Without choices, consumers will be reluctant to make any moves financially, again, only hindering our economy.

Also, with respect to the APR's, they are not an accurate measurement of loans to consumers. They are very easily manipulated by charging points, adding or subtracting certain fees, and making assumptions on amortizations after the initial fixed periods. By dropping the threshold to 3% above the 10 year treasury, it would cripple the jumbo market and consumers ability to borrow, as most loans, included the fixed to arm loans, are mostly higher than the benchmark would be at the 3%. There would be no options for the majority of home buyers.

In summary, I hope that careful thought is brought to the table to make sure that the consumer's interest is taken care of by being fair across the board and mandating that all originators follow the same guidelines. I hope there is also careful thought in reference to how crippling the proposed amendments could be to our economy and to home buyers everywhere.

Sincerely,

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