

From: Rickey Wolf <welcomehome@optonline.net> on 04/08/2008 06:50:05 PM

Subject: Regulation Z

From: (Ms) RICKEY WOLF, President
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To: The Board of Governors of the Federal Reserve System

Thankyou for the opportunity to comment on the proposed regulations, the admirable goal of which is to improve the process, through clarity and simplicity, of obtaining Mortgages while reducing Consumer Settlement costs.

I have been in mortgage origination since 1980, and proudly as an independent for 24 years as a "matchmaker", arranger, facilitator, or a mortgage "broker". I neither have allegiance to the lender nor offer fiduciary duty to the applicant. I do strive for customer satisfaction upon which my business grows, producing customer referrals, and I greatly respect the lenders for which they continue to give me access to their programs. In other words I serve both parties, but represent neither.

These new regulations I fear will cause more confusion and turmoil in the marketplace - in the following ways:

GOOD FAITH ESTIMATE: Turning a 1 page document into 4 pages is not "simplification" - especially when sections of it are unreasonable and confusing.

The proposed ""GFE Application" upon initial contact with an applicant is unrealistic - the mere telephone call "my name is John Doe - what are your rates?" does not give sufficient information to blast out a binding and meaningful estimate. More information on the property - condo or coop or multi family, investment or vacation home and on the applicant - credit history and credit score, employment history, assets and liquidity, waive or hold escrows - is needed -

All of these factors and more impact on rates and choice of lenders and programs - it is only after a detailed analysis of an applicants profile and goals that programs and estimated costs can be assumed - the current GFE issued within 3 days as the estimated costs disclosure fits a reasonable requirement - if properly enforced. Perhaps more efforts should go towards clarifying and enforcing what we already have rather than re-writing it all.

YSP Yield Spread Premium is my fair compensation from the lender to me for work I do that **they** don't have to - that is finding the customer, qualifying the customer, analyzing the paperwork and formatting the loan to their investor qualifications, satisfying conditions and bringing the loan to a smooth closing.

On any given day lenders' rates are published in 2 ways - RETAIL, direct to consumer (easily accessible via their websites or posted in their windows at street level) and WHOLESALE, direct to their approved brokers.

You can easily see that if various lenders, let's say HSBC, WELLS FARGO and CHASE are at (here are the "shopping points)

Retail = 6.25% for a 30 year fixed rate mortgage within a 30 day guarantee window, offered to the public at 0 points

that I as a broker can offer the same program on the wholesale track at the same rate and 0 points cost to consumer, BUT here the lender is paying me between 1.02% - 1.3% for my efforts.

The consumer gets the benefit of fair, competitive terms and the lender gets one more loan on their books.

This YSP is fair compensation for services rendered - This YSP should not be labeled as a "service charge" nor as a "credit back to applicant" - to do so infers "additional charges" to the consumer which is unfair and confusing putting the broker at a distinct disadvantage, as was proven by prior testing.

Of course, the applicant, through discussion and written disclosures (already on the books) knows they

can opt for a HIGHER rate of interest, resulting in a higher YSP to the broker, which can then contribute to LOWER settlement charges for the applicant thereby reducing their upfront fees.

By the same reasoning, the applicant, through discussion and written disclosures knows they can opt for a LOWER rate of interest by paying additional fees or discount points upfront, thereby RAISING their settlement costs but lowering their monthly payments and costs over time.

And on the subject of DISCLOSURE of FEES - ALL loan originators should be disclosing, in the interests of transparency and simplicity - Every entity originating loans whether working for a bank or banker or broker should have the same regulations and standards applied so that the consumer is on a truly level field for comparison shopping if that is your goal. It is too commonplace now for Banks and Bankers to be brokering loans, and their position should be readily transparent through disclosure for comparison's sake.

REQUIRED USE Clarification: Finally an acknowledgement that these Affiliated Business Arrangements led to uncompetitive and costly, coercive practices - but the same will happen if you legislate Average Cost Pricing and Volume discounts - Discounts for Who ? the big guys? This absolutely will put small service providers - appraisers, title companies, credit bureaus, brokers right out of business, and will foster biased results from suppliers who hope to prolong the continued "volume" relationships and will ultimately shrink the playing field of suppliers and choices available to consumers.

The playing field is shrinking as I write this - one more huge lender, Washington Mutual, has exited the Broker Channel, along with Bank of America - too much disclosure to digest with dread of non-compliance I fear.

I sincerely hope that strong consideration and evaluation is given to all feedback, and thank you again for the opportunity to respond.

Rickey Wolf, cmc