

From: "Martin McCall" <unionone@love2close.com> on 04/03/2008 02:05:03 PM

Subject: Regulation Z

I own and run an upscale Mortgage Brokerage Company in Dothan, Alabama. We do some subprime but the majority of our loans are high end conventional loans or jumbo loans. The Federal Reserve has proposed a new rule designed to protect consumers but will in reality hurt consumers and make it onerous for brokers to comply. Our market is controlled by the local banks. We have to do a better job to get the business. My company guaranties the good faith estimate we prepare for clients. None of the local banks do this. Personally, I have seen prospects choose a bad loan from a local bank because the loan officer mislead them concerning their loan. In some cases, these people have returned to me to let me know that in the end they were taken advantage of and that what I had warned them would happen actually did happen. From my point of view, bank mortgage departments can be worse than brokers and they use the disclosure process against us in an unfair and unethical manner. I have had bank competitors tell clients that they will pay an extra fee called "Mortgage Broker Fee" that they will not pay with them. They don't explain that it is the same thing as an origination fee. Any rule changes should apply to all loan originators.

Fixing the loophole concerning the APR disclosure would also make comparison between lenders fair. By not specifying what items are to be included in this calculation leaves the market wide open to interpretation.

Do not banks make money the same way we do? Then why do they not have to comply with the same rules that we do?

In my experience, consumers generally do not understand the difference between a broker, correspondent lender, or lender. Over the years (12), I have seen the line blurred between these different kinds of organizations. Most people think that my company is a bank. Of course, I have taken great pride in explaining the difference over the years.

Changes do need to be made. I do not mind full disclosure for the client. What I do mind is unfair application of the rules. Any changes should be applied to all originators and not just to brokers. Otherwise, you are creating an ongoing environment detrimental to consumers.