

From: "Linda A Flack" <lflack@zianet.com> on 04/10/2008 11:35:02 AM

Subject: Regulation Z

MORTGAGE PRO, INC

708 Mechem, Suite A

Ruidoso, NM 88345

Phone 505-257-5900

Fax 505-257-9371

4/10/2008

RE: R-1305

Federal Reserve,

I am writing a letter to give you insight into my business as I have experienced it. In 1994 I purchased a small Mortgage Company in a small community of New Mexico. Before becoming involved in the Mortgage Industry directly I had worked in the Real Estate Industry for more than 20 years in three states.

When I moved to Ruidoso, New Mexico Sept of 1978 the Real Estate Community had never had access to a Mortgage Company. I found this so strange as I had the privilege of working with many Mortgage Companies in Louisiana (Baton Rouge) that had given us access to so many programs that were not available through Savings and Loan Companies or traditional banks. We were doing loans with as little as 5% down, 100 % VA loans and FHA loans on a daily basis and none of those loans were available in Ruidoso, New Mexico. Therefore financing was limited to 20% to 30% down with S& L's or local banks or owner financing. I sold Real Estate for 8

years in Ruidoso and did only one new loan because of the limited financing and I was someone that understood finance having started my career in Louisiana. Financing was not available to average income buyers with very little cash.

Therefore I really understand the importance of the Mortgage Broker industry. This is not a problem in large cities with numerous banks (that now sell to the secondary market) as well as saving and Loan's. When I first bought my company people could not believe the programs I could bring to their customers. I have assisted so many people with loans that never would have had the opportunity to own a home either as their primary or their dream of owning a second home in our beautiful community. This has helped the economy of Ruidoso, New Mexico.

Now let me say I support the goals of the Federal Reserve Board for consumer protection but I do not support their proposal to restrict compensation for mortgage brokers. Last year I completed mortgage loans in the amount of \$27,340,000. and my gross income was approximately \$404,000. I employed 4 people in my office that I paid W'2 income. I am a small business that pays high income tax along with all of the other expenses that cannot be done if my income is limited. I am a huge asset to my community like many other Brokers across this country. I invite you to call any of my customers and let them tell you of their experience with my office. I personally request feed back from every loan we close and almost every time I am told how we made their loan experience a pleasant one and they had never had such a easy time buying a home and getting a mortgage. The reason they have this experience is the personal service we give to each and every customer. It is not because we have done what I term "funny money" loans. It is my rule that we explain every thing and show our customers just what we do for them and then we do it. I always explain the yield premium I receive from the lender I sell my loans to and show my customers what the difference would be if they wanted to receive a lower rate and pay me an origination or processing fee. Have you ever figured how long it would take for a customer to pay himself or herself back if they choose to have an origination fee and save the 1/4% in the interest rate? Most loans require 61 payments to recoup that 1-% up front fee and then they start to save. When I show that to a customer they almost always choose to do 0 points and 0 origination so why do we need you telling our customers what they must do? The national average most people keep a mortgage is less than 5 years so doing that would actually cost the consumer money. I explain to all customers that I have access to many lenders from all over the US and I choose the lenders that are the most reputable, have the product that most suits their needs, gives us the best service and also has the most complete rates and cost. I explain to them that I of course do not do business with every bank there is but over the years have chosen the ones that give them as well as us the best service.

Last night I listened to the Senate hearings about the mortgage crises and I am amazed at how often the comments are geared to the bad mortgage brokers. As a mortgage broker I had no ability to create any of the products that have caused all of the problems and I also had no ability

to approve one of my clients. I merely collected the information and presented it to my lenders as the guidelines of the programs required. We all know that there are people in all industries and professions that are less than honest even attorneys, doctors, investment brokers and senators and yes we need to address the entire industry but if we are not careful the very people you are trying to protect will be the very people that will suffer. Please help to protect small business and do not throw the babies out with the bath water. Let me also say that I have had much experience of telling someone they are trying to purchase a home that is too expensive for their income. After I have refused to make a loan to them I find out later they had gone on the Internet or to one of my competitors and purchased the property. We have become an instant gratification society so be careful saying they did not know what they were getting into. I have also had many people come to me to refinance a bank loan because no one had explained to them they would have a 3 to 5 year call. I am more than sure this is disclosed it is just people choose to remember what they want to remember. However mortgage brokers should not be signaled out making it look like they are the bad lenders. I do not mind one bit having regulations and disclosures (I have always fully explained disclosures) as long as all lenders are on a level playing field.

Thank you so much for considering these comments. I know this is a very lengthy letter but this barely touches the full extent of my feelings. I think you would be looking to find a way to protect the small business along with the consumers.

Thank you for your time.

Linda Flack

Mortgage Pro, Inc.

Owner/Loan Officer