

From: "Jennie Woodall" <jwoodall@stonebrookmortgage.com> on 04/08/2008 09:45:04 PM

Subject: Regulation Z

Members of the Federal Reserve Board,

My name is Jennie Woodall and I am a Loan Officer at Stonebrook Mortgage Corporation in Boise, Idaho. I have been a loan officer in the state of Idaho for almost 3 years and in the Residential Real Estate industry for a total of 7 years. I want to thank the Federal Reserve Board for your efforts to improve customer protection through the amendments to Regulation Z. While I support many of the measures in the new rule, I respectfully oppose the proposal to restrict compensation for mortgage brokers. As a mortgage broker, I have developed business partnerships with wholesale lenders offering a variety of products and services to my current and prospective customer base. Our business is almost 100% by referral due to the reputation I have earned as providing a competitive, service focused mortgage consultation and process. I work closely with not only home buyers, but I'm recommended by real estate, financial, accounting and legal professionals to name a few.

Many mortgage bankers today operate like "super brokers" in which they fund loans in the short-term with the intention to sell them based on a pre-determined Service Release Premium (SRP). In this regard, mortgage bankers are not that different from mortgage brokers, but on a much larger scale. The SRP is paid to the mortgage banker upon successful sale of the loan which by all definitions is the same as the compensation I may receive as identified as the Yield Spread Premium (YSP). I often compete with retail bankers who broker their loans who do not have to disclose their compensation. If I am the only originator that is required to disclose compensation, competitors may use this to steer borrowers away from brokers which in many cases offer more favorable loan products and rates. In our market place, we consistently find that we are priced substantially better on rates and fees given like loan programs and terms.

I have personally had a bad experience when I bought my first home with the lender I used. The loan officer worked for a company who was a bank but also had the option to broker out loans. I thought I understood what type of financing I was being offered and what the costs associated with my loan were from the Good Faith Estimate I received from them. But I wasn't aware of any back end fees and none were shown on the GFE. Come to find out over a year later when I switched from the Real Estate side to become a loan officer did I truly find out from being taught how to accurately review a Hud-Settlement statement that this particular loan officer made over 6% in fees off my loan. I was personally humiliated finding out that someone had taken advantage of me. It's been a blessing in disguise and I am able to tell this story to my borrowers I work with and properly educate them on how I get compensated and how other Loan Officers might get compensated depending on where they work, so they can properly compare apples to apples.

Up front estimated disclosures are still essential in mortgage lending but they need to remain estimated. Changes in loan amount, purchase price, appraised value, borrower financial details, are just a few reasons that exact disclosures remain impossible upfront. In addition, we now

have substantial risk based pricing adjustments from Fannie Mae and Freddie Mac on loan programs when borrowers FICO scores are below 680 and some even below a 700 now. It is virtually impossible for a mortgage broker, mortgage banker or retail mortgage banker to provide a precise Good Faith Estimate until receiving a credit report and borrowers personal documentation. Even FHA is starting to implement risk-based pricing for FICO scores. Not very many professionals in any type of field for example; a doctor, mechanic or plumber to name a few would disclose in writing prior to having information before hand what they will charge for their services. For example a doctor would perform a physical exam or take an x-ray, a mechanic performing an auto diagnostic on a automobile or a plumber crawling under a crawl space to see what kind of leak he's dealing with before they will show you an estimate or bid in some cases of the cost associated for hiring their services. If we have to disclose upfront this will be very misleading to the consumer and cause many frustrations and confusion for them. Plus those institutions who don't have to disclose upfront before having the necessary information to make a proper educated loan decision will steer consumers and use this to their advantage in a very deceiving and un-ethical way to win a loan and make it look like they will do the loan for half the fees. Thus I think it does not benefit the consumer at all for a Loan Officer working for a Mortgage Broker to have to disclose all exact fees up front before the necessary due-diligence has been preformed.

It is important that I state my acknowledgement of the many abuses perpetrated by mortgage brokers, mortgage bankers, and retail mortgage bankers industry wide. It is this concern that motivated me to write to you to promote ethical and sound business practices for all of my peers and competitors in a fair manner. This means an equal playing field for all mortgage originators not just brokers. To the consumer, a brokerage and retail lending operation look very much alike and perform the same service and the consumer doesn't know the difference. I suggest that the Federal Reserve consider alternatives to the proposed regulations and every originator should be required to provide the same disclosures as to fees and compensation to ensure beneficial competition on price as well as service.

Home ownership is the "American Dream" and we need to keep it the way it has always been viewed as a positive thing that many American's want to accomplish in their lifetime. The most rewarding thing in my chosen career is when I get a phone call from every single client thanking me for my help in helping them accomplish their dream. I would like thank the Board of Governors of the Federal Reserve for considering my comments on this extremely important amendment to Regulation Z.

Sincerely,

Jennie Woodall

Jennie Woodall

Mortgage Planner
Stonebrook Mortgage
Phone (208) 429-8897
Fax (208) 429-8225

