

From: "Karen Hill APHL" <KarenH@aplushomeloans.com> on 04/09/2008 12:10:02 AM

Subject: Regulation Z

Dear Board Members:

As a mortgage broker with over 20 years of finance experience and a business/finance degree achieved with highest honors, I have always operated under the belief that consumer protection, honesty and integrity is a moral & ethical given. After years of dedication to this industry, I am offering my humble views regarding the proposed changes to Reg Z for your consideration.

First, the changes do not address the core problems in the market. The proposed changes, however, ultimately damage the consumer and the economy as a whole while protecting and benefiting the large banks/financial institutions. If changes are implemented they should apply to all entities that originate mortgage loans, not just mortgage brokers. The proposed amendment will greatly reduce market competition, which is one of the cornerstones of our economy. Also, the elimination of specific programs, such as stated income/no doc, will not prevent the mismatching of mortgage program to consumer. Instead it will skew the market against certain consumers (ie. self-employed borrowers with good credit histories). In my experience, there is seldom a bad program. Over the past several years, programs have simply not been properly applied to the correct consumer/use.

Under the proposed changes, banks, S&Ls and other originators (other than mortgage brokers) will be able to disclose far less information to borrowers than a broker. Therefore, they will continue to hire unlicensed, untrained and improperly incentivized "loan officers" to direct borrowers into programs that could affect their entire economic future.

Also, brokers are already obligated to disclose all compensation. In fact, you must provide proof of the predislosures to any wholesaler lender prior to funding. However, to require the disclosure "before application" not only cripples the broker's ability to be accurately comparable to other, non-broker, originators, it will completely confuse the borrower, who will probably end up with a loan that is less beneficial, but was not required to disclose the same information. In essence the consumer will have no fair or accurate comparison of the programs that are in front of him/her.

Next, the market already lack enforcement of the current consumer protection acts. These added changes would become an enforcement nightmare. Instead of attempting to "fix" current disclosures and create laws on top of laws that hurt the small, honest business person, why are we not finding ways to enforce the existing laws and regulations? Why are we not seeing more attention given to "big business" whose underwriters review every loan funded and whose retail loan origination departments get away with little to no supervision or accountability?

Why are we focusing on the professionals in the industry that are already made accountable through licensing and educational requirements and who serve a highly valuable function, namely the efficient flow of money from the money market to the final consumer?

If changes like those proposed go through, an oligopoly of banks, S&Ls and financial institutions will be left. Less competition will ultimately cost the consumer dearly and create a few, powerful financial giants, who ironically will not even be required to comply with most of the legislation and regulatory changes such as Docket No. R-1305.

Your consideration and time is greatly appreciated.

Sincerely,

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