From: performancemortg@netscape.net on 04/08/2008 06:55:04 PM

Subject: Regulation Z

Please see the attached letter for comments on the Proposed Reg Z changes
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April 6, 2008
Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Dear Ms. Johnson,

My name is Richard Guasta. I am the President and founder of Performance Mortgage, Inc. I have been helping consumers with their mortgage needs for the past 18 years; with the past 10 of those years working for myself as a mortgage broker. I have worked for banks, brokers and bankers. My job, at all of these places, was to write mortgage loan applications for the consumers so that they could purchase a new or investment home, refinance those properties and/or to help them obtain HELOC's or second mortgages.
Whether I was working for the bank, a banker or as a broker, the paperwork that I needed to collect from the consumer was the same. The underwriting process was the same. The credit qualifications were the same. The question that comes to mind then is; **why are brokers being singled out?** Unfortunately, my answer, as well as those that I speak with is that banks don't want us around. And if they get their wish, consumers will have no place to go but to the banks for their loans and it will cost them more in rates and fees because of less or no competition.

If we are to have an **unbiased** competition and allow the consumer to shop for the best product, service, and fees, then there needs to be a **LEVEL PLAYING FIELD!**

Anyone, who operates legitimately has no issues with being held accountable. I have been saying for years that one way to protect against fraud was to have a national registry for **ALL** loan officers. That **ALL** loan officers; whether they worked for a bank, banker or broker needed to have a criminal background check, pass a test, be fingerprinted, and take continuing education classes; as I and thousands of other brokers had to.
I believe that everyone associated with the loan; the loan officer, underwriter, processor, realtor, attorney, seller, buyer, title company and closer, **ALL** need to be recorded with the note and mortgage. This way there can be a cross reference to those loans that end up in court or foreclosure and we can see who the people are and if their names continually show up. Once that's done, you can investigate the individual player(s) more easily, much quicker and get them out of the business sooner.

This will help protect the consumer from being taken advantage of and have a competitive, LEVEL PLAYING FIELD, which I believe is the ultimate goal for all those involved.
There is nothing that states that because a loan officer works for a bank or a banker that they will not commit fraud, steer the consumer to a bad loan program or not charge excessive fees. But according to the laws and regulations passed and proposed, the broker is the only bad guy in this process and that's not fair.

I do not advertise, I survive from repeat business and the many referrals that they send to me. If I, as a broker were taking advantage of the consumer, as the press, consumer groups, the House and Senate would have us believe, then how could I have kept my doors open for the past 10 years and been writing loans for the past 18 years? I couldn't. People come back to me, a broker, and refer their family, friends and co-workers to me because I am committed to being honest and providing a vital service to them for a reasonable price.

I urge you to **LEVEL THE PLAYING FIELD!**

As a broker, I am encouraged to see that the good faith estimate is going to be changed to look like the HUD-1 statement. I agree that this will help aide the consumer in shopping and comparing closing costs both at the application level and at the closing. The problem is that Banks and Bankers don't disclose their yield spread or service release premium. This again makes things uneven for the broker and does not help the consumer compare fairly, the programs and costs that they are being offered. As a broker, I have had to disclose my income on the GFE and on the HUD-1 for the past 18 years, banks and bankers have not. It has cost me business since the banks and bankers fee structure looks better. **This is not fair and the practice should be stopped by leveling the playing field and having all loan originators disclose their yield spread income and/or service release premium**. Banks claim that they can not say what they are going to be making, but this is not true since they also sell their loans on the secondary market earning a service release premium.

With respect to disclosures, I feel strongly that there should be one set of disclosures. Ones that **ALL loan originators, not just brokers must adhere to. This is the only way to have a truly competitive market place. When things are one sided; as they are now and those being proposed, the consumer has no real way of comparing and thus has no real way to know if they are truly obtaining the best product or price. Without having one set of disclosures for all loan originators, the brokers competition can steer the consumers away from the brokers, even if we have less expensive costs and a better program.**
With respect to the Yield Spread Premiums (YSP), yes, they are the main income stream for the mortgage broker, but in many cases, they are also used to help cover the closing costs for the borrower. With out the use of the YSP's, many of the loan transactions could not be completed; especially in today's market. Fannie and Freddie have imposed such a high fee structure to make up their losses for their bad investments, that 13 of the last 13 loan applications I have taken in the past two weeks can't be completed. In one case alone the fees for a purchase of a 4 flat ($300.000.00 purchase with a $270,000.00 loan) are $15,525.00, and that's without the normal closing costs of around $2,000.00. **The $15,525.00 ALL goes to FANNIE MAE!**

In order to help the consumer out, I now have to raise the rate; which in turn raises the yield spread premium so that I can cover some of the obscene fees (none of which go to the broker) as well as see if the seller will pay some of the closing costs so the deal can be completed. Without the YSP, this deal will more than likely fall apart.

I understand the reasoning or theory behind wanting to set the brokers exact fee, but find it impossible to give a reasonably exact dollar estimate of the fees a broker will charge for a loan process before the application is submitted. This is because the broker does not have any idea of what the borrowers financial status is, type of product, amount of the loan, credit scores, ratios, etc. are. All of these items can and will change throughout the loan process.

In conclusion, I support the idea and desire of the Fed's wanting to protect the consumers, but I urge you to look at alternatives to the proposed regulation which would help protect the consumers in their dealings with ALL mortgage originators.

I support the idea of **standardized disclosures that ALL originators** would be required to use.

I support the idea of **licensing ALL mortgage originators**. This would include, fingerprints, criminal background checks, continuing education, and passing an exam; all of which the brokers have already done.

In other words, LEVEL THE PLAYING FIELD so that things are truly equal and the consumer can truly shop and compare.

Thank you for your time in considering my comments and I welcome you to contact me with any questions or concerns.

Sincerely,

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