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Subject: Regulation Z

April 4, 2008

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Dear Ms. Johnson:

I am an individual who earns a living in the mortgage industry. The company I work for is a member of the Illinois Association of Mortgage Professionals and the National Association of Mortgage Brokers. I wish to comment on the Federal Reserve Board's proposal to amend Regulation Z.

I enthusiastically support the Federal Reserve Board's goal of increasing consumer protection in the mortgage process. However, I respectfully oppose certain aspects of the proposed revision of Regulation Z.

It is in the best interests of consumers that any required disclosures apply equally to all who originate mortgages, not just mortgage brokers. How can it be to the consumer's benefit to require certain members of the mortgage community to disclose information other members of the community do not disclose? Over the years the distinctions between brokers and lenders have largely disappeared as most lenders resell loans that they originate. The distinction between brokers and lenders is largely invisible to the consumer. **Once again, any disclosures should apply to all those who originate mortgages, not just brokers.**

Since 1992 mortgage brokers have had to disclose all their income, including Yield Spread Premium. No other members of the mortgage community have had to do so. Banks, lenders and mortgage bankers do not have to disclose all of the profits they make off of their loan originations or the sale of loans they have originated. Brokers are already being held to higher standards than others in the industry. This regulation would make the already uneven playing field, much more tilted against brokers.

Yield Spread Premium is much more than purely compensation. Yield Spread Premiums are usually used to pay certain costs which would otherwise be borne by the consumer. Such flexibility helps to facilitate the approval process and often allows the approval of good loans for the consumer which otherwise would not be approved.

The proposal to require a reasonably precise cost estimate of fees a broker will charge in a transaction before an application is even submitted is wholly unreasonable. Until an originator has details of the borrower's financial and credit situation, details of the transaction, mortgage product being sought or the amount of the loan it is impossible to reasonably estimate costs. It is akin to asking a hospital and its doctors to give a patient a reasonable estimate of their costs for a hospital stay before an initial diagnosis has even been made or the details of the patient's health insurance policy (if any) are known.

Eliminating "Stated Income" loans will cripple the ability of self-employed individuals to obtain mortgages. The problems with stated income loans began only several years ago when lenders and the investors who bought mortgage-backed securities eased credit standards and allowed W-2'd employees to do these sorts of loans. The industry has already self-corrected these errors as a result of the on-going instability in the credit markets. These programs should be limited to self-employed individuals with very solid credit histories. To ban these loans would make many highly credit-worthy individuals unable to qualify for mortgages. **We speak of the importance of small business to the vitality of our economy. These are the very individuals who would be hurt most by banning stated income loans and would place yet another hurdle in the way of those trying to do their part to expand our economy.**

I think it is germane to this issue to bring up the example of Ameriquest Mortgage. This company was a lender who was sued in 47 states for numerous types of deceptive practice. Lenders such as this were the largest contributors to the on-going credit crisis. Yet, the proposed revision to Regulation Z would not apply to Ameriquest if they were still in business as they were a lender, not a broker.

In summation, I support the Fed's desire to protect consumers but respectfully suggest that it consider alternatives to the proposed regulation which would protect consumers in dealings with all mortgage originators and encourage competition on price and service.

I thank the Board of Governors for considering my comments and welcome you to contact me with any questions.

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