From: "Joe Mumma" <jmumma@citywidemortgage.com> on 04/08/2008 05:30:04 PM

Subject: Regulation Z

April 8, 2008

\From: Joseph C. Mumma
Platte City, MO
Subject: Docket No. R-1305
Proposed Changes to Regulation Z and HOEPA

Dear Sir or Madam:

I have recently reviewed the Federal Reserve Board of Governor's proposed changes to Regulation Z (Truth in Lending) and the Home Ownership Protection Act. While I support the Board's efforts to increase customer protection, I must respectfully disagree with the fully scope of the proposed changes as it would impose significant burdens on Mortgage Brokers but not other industry professionals.

This is one of the worst possible solutions to the housing crash and mortgage debacle the Fed could have envisioned. This will not help borrowers nor will it stimulate anyone to be able to obtain a mortgage. The housing slump is due largely to inflated and excessive misuse of interest rates allowed by banks and creditors by creating a class of subprime collateralized mortgage backed securities that were destined for failure because of the fundamentally flawed lax underwriting used by big Wall Street Banks, NOT the small mortgage broker. If this regulation passes in the current state of the mortgage industry mortgage brokers as an industry group will almost surely see a great decline. There were bailouts for the Wall Street Banks, but if the mortgage brokers go out of business I doubt that anyone will be baling out the little guy – mortgage brokers – the one group that helps the customer the most by shopping the most lenders.

Perhaps even more troubling is the Fed's continued focus on the broker mortgage community while giving bankers a free pass when it was the banks and their investment partners that created the very products that the Fed is now belatedly trying to control. The broker community does not create, package or securitize any of these products that have now been determined to be the root cause of the "mortgage meltdown".

The general consumer, without proper education and guidance on the topic, is largely unable to distinguish the difference between lending institutions and brokers (which again, begs the questions as to why the Fed wants to regulate them differently). Without brokers, consumer choice could be negated by eliminating any opportunity for consumers to openly shop competition for the best possible lending product. The newly proposed disclosure would limit a broker's ability to find a product that works for the consumer.

Brokers must compete with direct lenders. Any disclosure requirement passed should be equally applied to all loan originators and not just brokers because when direct lenders package and resell loans, there is a back-end premium that is paid for them. Thus, not only could a consumer be lead to a less competitive product, they could still be charged a higher premium by the direct lender from the loan being sold to another direct lender – and all without the consumer even knowing about it! That would have the precise opposite effect the Fed is trying to achieve.

Thank you very much for reading these comments.

Joseph C. Mumma