

From: "Steve R. Gilbert" <SRGilbert@SeattleMortgage.com> on 04/08/2008 05:10:05 PM

Subject: Regulation Z

Dear Board of Governors of the Federal:

My name is Steve Gilbert and live in Seattle Washington and work for Seattle Mortgage.

First off, Seattle Mortgage is both a federally chartered bank and a mortgage broker. I have always thought it strange that we disclose YSP on all of our brokered deals and we do not disclose SRP on our own Seattle Mortgage loans. Why is this? To a loan officer or broker they technically are the same thing, just a different name. For us they do exactly the same thing. I believe that by not disclosing SRP and disclosing YSP we have made a very unfair playing field, especially for the consumer. Again, I am in a somewhat unique situation from a lot, in that, we see both sides depending on how we do our loans we can do either brokered or keep our loans funded with Seattle Mortgage. Needless to say I choose to broker all my loans for the simple fact that I can find better pricing always from someone other than our in house lending. I believe this is due in large part because the SRP is not being disclosed. The money is there whether you call it SRP or YSP. By having everyone disclose makes the most sense for the consumer. A lot has changed in the past and if we believe in full disclosure of YSP then it only make sense to do the same with SRP. I believe we have come a long way in consumer rights, but to continue "protecting" one type of lender in favor of another is just not just. I know everyone of my clients benefit from my ability to find them the best pricing on any given day, loan brokers are essential for the free trade in America. Having institutions that have the ability to offer different programs from different lenders is a much better way to promote fair lending and trade.

Loan options are extremely important, since everyone does not fit in the same profile. Options for financing for sub prime borrowers is one thing, but options for A paper loans is truly more my concern. Open disclosures up front is essential for this process. Being concerned about exact figures on Good Faith Estimates is a concern for all, but exact numbers are never known until the day it funds. Charging more in origination fees than originally disclosed or the processing fee increasing are problems. These should be known and an originator should be held responsible for his charges, but if it is not known exactly what fees are from appraisal, title etc. should not be grounds to redisclose. It is a waste for everyone. The problem is with loan originators that are not up front and mislead. Lets worry more about training loan originators and come up with a set of standards that promote fair lending. There are quite a few loans that change during the processing of it. Most common changes include "bettering of rates" if market warrants, loan amount changes for whatever reason.

The YSP is a very important part of how I do business. In most cases for me, YSP is used to pay some or usually all my clients closing costs. YSP is beneficial for so many people in structuring their loans. Having a lender pay for your closing cost, wow what a concept. For a large percent of people, this is a very valuable option. The options that you have with YSP are a great benefit to consumers. Paying no closing costs and getting a little higher rate can pencil out to making more sense for a lot of people.

Education for both loan originator and the consumer is key. Unfortunately, the terms and conditions are very difficult to understand, even for the professionals. The problem gets worse when they are disclosed in numerous forms and conditions that to a majority of people are extremely confusing in the first place. Education and licensing is the key. People go to a doctor and expect a certain standard of care because they are a trained and licensed doctor. Same should be true with ALL loan originators. You should also be able to go get special care from anyone who is licensed. Choices are what make for an open market, not everyone is in need of what one entity can offer.

Setting a standard that is high should solve certain issue instantly. I agree that there are too many “part-time” loan officers preying on the meek. We need an even playing field for all lending institutions. Fair trade benefits all. Having me disclose every dollar I make at the beginning of a transaction is not easy. For most transactions, I honestly don’t know exactly how much of any transaction is coming back to Seattle Mortgage until it closes. There have been times where addition money was given to the client for an assortment of reasons, but yet again it was their choice.

Education and licensing is key for everyone. Banking institutions and brokers together should be held to a high standard just like a doctor. Most people don’t go decide their doctor by how much they charge, they go to them because they are specialists in the field.

Thanks for you time,

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