

From: "Dee Gonia" <deegonia@kitsaplendinggroup.com> on 04/08/2008 05:00:06 PM

Subject: Regulation Z

Subject: Docket No. R-1305

My name is Dee Gonia and I am the President and sole owner of Kitsap Lending Group located in Silverdale Washington. I have been a loan processor, originator, underwriting manager and mortgage broker/small business owner over the course of the past 32 years. My company is fortunate to have a strong client data base that has supported us for the past 10 years with not only repeat business, sometimes the same client two and three times, but referrals of thier friends and family members. We don't advertise nor do we consistently solicit for business. We enjoy nearly 100% referral business for our services and I truly believe this based on our integrity, customer service and dedication to our customers. We are also fortunate that we did not solicit sub prime loans and actually closed very few. The few we did close were based on careful consideration of present and future ability to repay by our clients.

I support consumer protection goals of the Federal Reserve Board's proposed amendments to Regulation Z, but respectfully oppose the proposal to restrict compensation for mortgage brokers. By doing so you will be eliminating loan financing options for borrowers. Borrowers will end up having one set of products, rates and fees to choose from and will not have the advantage of knowing whether they are getting the best deal as bankers will not have to disclose what their Investors pay them for the rates being provided nor the compensation plan they have for their originating employees. We can typically match or beat any of our banking competition with respect to rates,fees and even program choices. As a result of this proposal, banks will force brokers out of business as they will not be held to the same regulations and therefore impede competition. The future of mortgage lending will in jeopardy and a complete monopoly will be created and run by only major players. With this said, I insist that any disclosure apply equally to all mortgage originators, not just brokers.

Bank originators should be viewed in the same light as mortgage brokers with respect to being "trusted advisors." When I was an originator with one of the largest Banks in the country I treated my clientele the same as I treat them today as a small broker. That is with concern for their present and future financial health, choosing the financing program that fits their individual profile, offering competitive pricing and fees and following the transaction through to closing to provide the most efficient and seamless process available. One strong difference is that as a bank originator I was encouraged to "make it work" whereas being a mortgage broker I have the ability to decline an application if I feel my client's financial future would be in jeopardy. We have recently seen the demise of a local bank where 33 mortgage lending employees were let go due to loan losses created by the bank's failure to adequately supervise their lending group and its executive. Coincidentally that executive has been employed by three other lenders/banks in the last ten years and those companies also experienced the same demise.I have personally refinanced many clients that had their original loans completed by this group and have been aghast as to the rates and fees that were charged, without full disclosure of "YSP" and that,I am certain,was a hefty amount based on the non-competitive rate that was provided. In most of those cases the borrower should have had the ability to obtain rates at a much lower price as well as the fees. In addition, I have heard countless stories from consumers with respect to the large discrepancies on their final closing statements and their original good faith estimates. Bank originators at work!

Brokers are a liaison between the consumer, lender, escrow, title and appraiser. In this capacity not only do we provide an efficient process but we also are charged with obtaining ethical and competitive vendors to provide our clientele with the best and the brightest and those with whom we have no affiliation.Banks typically have their own appraisers, approved appraisal lists, approved title and escrow or in house escrow. In my opinion,the bank therefore does not provide a transparent platform for lending

to their consumer base.

The Governors have proposed a ruling for brokers to provide a good faith estimate of reasonably precise dollar fees that will be charged PRIOR to an application being submitted. This new stage is to be considered the "GFE Application" stage. This is ludicrous!. Based on simply an oral conversation with a potential client there is no way to validate credit worthiness, financial status, transaction details, type of product sought, loan amount, all of which may vary as the transaction progresses. When validation issues arise we are under current regulation to redisclose rates and pricing which is a more accurate vehicle to adequately obtain the precise dollar fees.

A scenario which would create inadequate pricing would be a client who has disclosed strong credit, specific income parameters, job history etc. only to find during the loan process that the information is not accurate based on the information that was provided. ANY change in financial information can have an impact on rates, fees and programs.

Also, by labeling this proposed ruling a "GFE Application" are we then subject to providing evidence we are in compliance with FCRA,HMDA,ECOA,TILA and state laws as well, whereby regulatory disclosure provisions, timing for credit decisions and the like are spelled out? How will brokers provide a final underwriting of an application without having the blessings of the lender who will be funding the loan? Is the collateral estimation on the GFE sufficient to assume the property appraisal will be the same?

I would suggest the Federal Reserve System consider alternatives to the proposed regulation which would protect consumers with ALL originators and would also encourage competition on price and service. In addition I would suggest the proposed regulations be in compliance with all current Federal and State regulations with respect to credit application and subsequent delivery of disclosures.

I love what I do. I am in a position to help consumers achieve their dreams by assisting them in making informed and financially sound decisions with respect to not only their mortgage loans but with respect to their future financing plans. I don't live in an expensive home, I don't drive an expensive automobile nor do I live a lavish life as some imagine all mortgage originators do. I do this because I care. And as a mortgage broker I have greater ability to help my clients than when I was a bank originator. Please don't put me out of business.

Best Regards,

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We appreciate your business.And,your referrals!!