

**From:** "Danielle Myers" <dmyers@1stmetro.net> on 04/07/2008 11:40:03 AM

**Subject:** Regulation Z

Dear Federal Reserve Board,

The proposed changes to Reg-Z require that brokers, and only brokers, provide consumers a binding, written disclosure of the total dollar amount of their compensation (including YSP, Origination Fees, Processing Fees, Underwriting Fees and all other fees earned) prior to application. Requiring only brokers to provide such a disclosure will confuse and harm consumers who will mistakenly believe that lenders who don't disclose their compensation are saving them money.

Requiring brokers to disclose their total compensation as a dollar amount before application will also lead to seat-of-the-pants service estimates based on partial information. A Mortgage Broker will be required to blindly, without adequate underwriting criteria, disclose to a borrower their total dollar compensation for a given loan without the opportunity to make adjustments based on unforeseen circumstances.

The proposed changes to Reg-Z dictate harsh underwriting guidelines for a new class of higher cost loans, those with APR's that exceed comparable treasury yields by a certain margin: 3% above for first mortgages or 5% for second mortgages. The proposed triggers are far too inclusive and will subject many Jumbo, Alt-A, Agency-Jumbo and FHA loans to these new guidelines, preventing credit worthy borrowers from obtaining financing.

The proposal mandates a written disclaimer from the mortgage broker that states: "a lender payment to a mortgage broker can influence which loan products and terms the broker offers you, which may not be in your best interest or may be less favorable than you otherwise could obtain". Under current laws of many states, a mortgage broker has an obligation to make a full and accurate disclosure of the terms of a loan to borrowers and to act always in the utmost good faith toward their principals (borrowers.) The proposed language wrongfully misrepresents the duties a broker owes his client, in probable violation of state law.

Although I agree that the industry needs a reform, this reform needs to be across the board, not isolating and narrowed strictly to the mortgage broker, as it's intended scapegoat. Indeed, many bad loans were made, as well as many good loans, albeit that is not the sole reason for the soaring foreclosure rates, indeed the economy in and of itself needs a reform.

Thank you very much for your consideration regarding my concerns about the proposed changes to Regulation Z.

Danielle Myers  
Branch Manager

(800) 853-2020  
1st Metropolitan Mortgage  
220 South Main Street  
Suite D  
Butler, PA 16001