

**From:** Shadi Kian-DeltaMax <shadikian@cox.net> on 04/07/2008 11:50:02 AM

**Subject:** Regulation Z

To: The Federal Reserve Board

From: \_Mehrshad Kian

DeltaMax Mortgage - California

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. \_This regulation would make Brokers look like Bad Guy and Lender as a caring partners, who are doing the borrowers a favor!!?. This will tremendously reduces originations of mortgage loans which will subsequently effect the Lenders and the Market as well as The DECLINING ECONOMY. This will also make it impossible to work for us, Brokers, since we would not know how much we can make until late into the transaction. How could we possibly know how much we will make in dollar amount since the loan amounts or rate can change several time during the transaction. This law DOES NOT MAKE SENSE IN ANY FORMS YOU TRY TO LOOK AT IT!!!!\_ 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 circumstanc\_es. \_

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. \_How would this proposed change to Reg -Z could possible help the situation the public is facing? We all are aware of the fact that many business owners are very qualified as a worthy borrowers but not able to show their income documents.Many independent contractors who are credit worthy with high annual incomes are not able to give us their income documentations due to many different situations. This law will eliminates great amount of financing which will damage the industry more than anything.

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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 California state law 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. This is completely a misleading disclaimer. Brokers are entitled to be paid via borrowers or lenders, or in some cases by both. The way this statement addresses our compensation, it sounds like , if we get paid, a borrower will lose by "influences the offered loan products, terms etc.. or is not in the borrower best interest"?. This will confuse the borrowers of what to do going to one lender or broker to another and creates a great damage to borrowers and brokers.

Best Regards,  
Mehrshad Kian  
DeltaMax Mortgage

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