

From: Steve Avrus <steve@avrusmortgage.com> on 04/07/2008 12:05:03 PM

Subject: Regulation Z

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I have been in the mortgage brokerage business and lending business for 33 years. I have owned a small family mortgage origination business since 1982. We are licensed as mortgage brokers and lenders. We function as both depending on our customer's needs and qualifications.

When I heard of the proposed new regulations and requirements especially on mortgage brokers, I felt compelled to make my comments known to you.

Mortgage brokers have been providing valuable and necessary services in our industry for the past 33 years that I have been involved in the industry. We assist the borrowers in obtaining a mortgage that meets their needs and qualifications and we provide a conduit for major lenders to be able to originate more business with lower overhead and expenses. We provide more personalized service to the customer. We provide a variety of mortgage products that are made available by our lenders and which are tailored to meet the borrower's needs. Yes, there were a lot of new products that came out in the past 5 years that were way too aggressive and the investors who purchased these products are now paying the consequences with foreclosures and big losses and many of the borrowers are losing the homes that they should've never been able to buy to begin with. More regulation for mortgage brokers is not the answer. Our industry has already corrected the problem. The lenders have eliminated all of these risky products and have severely tightened all underwriting guidelines. They have probably already gone too far to the other extreme of making it too difficult for most people to qualify at a time when it would be more helpful to provide financing for the borrowers who are responsible and are good credit risks. Our business is already highly regulated enough! There are plenty of laws that are now on the books to protect consumers. Too much regulation will have the effect of not making credit available to those who need it and can responsibly pay it back.

It seems that brokers are being unfairly targeted for many of the problems that we are currently all experiencing in the real estate industry. I would like to point out that brokers did not originate all of the fancy products that came out in recent years. These were designed and promoted by wall street companies and major banks. We were given these products to sell to consumers as long as they would fit in to the guidelines that these ultimate lenders (or perhaps resellers) had established. We did not underwrite nor approve the loans. The underwriting is not the mortgage broker's job but the job of the lender that is funding the loan.

Banks have retail and wholesale channels of originating mortgages. We as brokers have to compete with banks directly on a retail basis. This promotes more competition which is better for the consumer. More regulation requirements on us will give the banks more of a competitive edge over us. This is not fair and will cause many small businesses to close their doors. We already have a requirement to disclose yield spread premiums to the borrowers. It seems that we are possibly the only business in the country that has to disclose what our profit is on a transaction. A building contractor doesn't provide the customer with how much their profit is on a job, they only disclose the total costs to do the service. Banks do not have to disclose how

much they make on each transaction, yet they may perform the exact same service that we do. Yield spread premiums can provide many useful tools for a borrower, for example sometimes the yield spread premium is used to pay some or all of a borrower's closing costs. Just because some brokers make more money by getting yield spread premiums shouldn't make it necessary that this all be disclosed. Consumers need to shop around for a mortgage just the same as they would when seeking other kinds of services.

In conclusion, I would like to point out that mortgage brokers provide services similar to insurance agents, car dealerships, real estate agents, etc. To put unfair burdens on the agents that match the consumers with the sellers or manufacturers of products is a very unwise and uncompetitive move. Perhaps there should be more disclosure requirements on the ones who design the products, not the ones who have to deliver the product. More regulations and requirements on mortgage brokers will not promote progress in our industry but will cause regression back to 30 years ago where there wasn't such an efficient system that we have today of being able to deliver multiple products and services in a much more personal and available way. To make rules to eliminate certain types of mortgages will ultimately hurt the consumer in giving them less choices. You don't have one type of car that is sold or one type of insurance product or just one type of house. If the proposed new rules and regulations are implemented by you, then they will have the effect of eliminating customer choices of products, restricting current competition and causing many smaller agencies to close their doors.

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