

From: <scosser1@tampabay.rr.com> on 04/07/2008 12:25:03 PM

Subject: Regulation Z

I am a licensed Mortgage Broker in the state of Florida since 1992 and have been involved in the mortgage industry since 1980. Licensed Mortgage Brokers must complete education requirements, testing, background checks and are regulated under Florida Statue 494. I do support the consumer protection goals of the Federal Reserve Board's proposed amendments to Reg Z, but I respectfully oppose the proposal to restrict compensation for Mortgage Brokers.

Under FS 494, a Mortgage Broker must disclose all fees within 3 days of application which includes any YSP and all Broker Fees. These are disclosed on the Good Faith Estimate and again at closing on the HUD-1. I feel that ALL originators of a mortgage loan should be required to disclose all fees in the same manner. When an Applicant applies for a mortgage at a bank, the bank will steer the customer into a loan they offer, even if there are better products available. When that same customer applies to a Mortgage Broker, they have access to many different Lenders with many different products. Why would Mortgage Brokers be required to provide additional disclosures when others that originate a mortgage would not be required to provide these disclosures? The proposal would require Mortgage Brokers to disclose the specific dollar amount that the Broker would earn from the transaction PRIOR to the customer making application! How could a Mortgage Broker disclose a fee before the consumer paid any fee to any person and before they submitted an application? These days are very difficult for anyone in the mortgage industry. We are now imposing certain "credit risk" fees based on the Borrowers credit score. How can a Mortgage Broker know what to charge when they have not pulled a credit report or completed an application to even determine if the Borrower qualifies for the mortgage or what their financial status, loan amount, transaction details or type of product sought? I feel the proposed rule would cause even more confusion and lead to a bias against broker assisted transactions, thus hurting consumers. The ability of a Mortgage Broker to use Yield Spread Premium to pay Borrowers closing costs will be eliminated since it will appear that only the Mortgage Broker is charging this fee, when in fact, the bank is charging a rate higher to to the Applicant, but those same banks are not required to disclose their fee! With increased down payment requirements and stricter credit policies, most first time home buyers do not have enough assets saved to purchase a home and the use of YSP to help pay closing costs have assisted many homeowners! Mortgage Brokers act as a intermediary between Borrowers and Lenders and they serve both parties, but represent NEITHER! It it sometimes impossible for the average consumer to determine how a mortgage originator is licensed since many of the names of the companies are similar, it should make no difference if they are a bank, a mortgage broker, a correspondent lender...I must insist that any required disclosures apply EQUALLY to ALL mortgage originators, not just brokers!

In regards to the proposal that lenders and Mortgage Brokers will be prohibited from pressuring an appraiser to misrepresent the value of the home and a lender will be prohibited from making the loan if it has reason to know that someone had pressured the appraiser, unless the lender determined that the appraisal was accurate or made the loan based on another appraisal; This proposal will increase costs to the consumer by in essence requiring two appraisals on every loan transaction. How could a lender determine if someone pressured the appraiser? How would a lender protect themselves from an accusation by an appraiser or borrower of violating this requirement? In the

mortgage industry today, most every loan is requiring an appraisal review or 2nd appraisal to determine the value is accurate. The appraisal regulations already address this important issue!

With regard to the proposal to determine that the loan was made in the best interest of the Borrower and to consider payment ability for the first seven years of the loan, I feel this puts everyone at greater risk for violations of the regulation. It could be perceived that every borrower who experiences any regret for obtaining a mortgage could potentially place a lawsuit against their lender. Under current underwriting guidelines, we try to determine that the Borrowers income is likely to continue for at least 3 years...it would be very difficult to determine if it is likely to continue for 7 years! We make this determination to the best of our knowledge based on information available at the time. You cannot determine unseen circumstances such as death of a wage earner or extenuating circumstances beyond control. We are already re verifying all income/assets/credit/value of mortgage loans to determine if the documentation we have supports the loan request! I feel we should be allowed to use the best and most reliable documents available!

I would like to thank the Board of Governors of the Federal Reserve for considering my comments. If you should have any questions, or need any additional information, please feel free to contact me.

Sincerely,

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