

**From:** "Terry Burnaman" <terry@outlookmortgage.com> on 04/07/2008 01:10:06 PM

**Subject:** Regulation Z

I am writing in regards to the proposed changes to Regulation Z. I am a small mortgage broker in Houston, Texas and my company is feeling the crunch due to the current difficulties in the real estate and mortgage industry. I have many colleagues in the industry that are undergoing the same difficulties. It seems some of the changes that are proposed for Regulation Z are aimed specifically at mortgage brokers. It feels like the current issues in the mortgage and real estate industries are being blamed on the mortgage brokers specifically. The individual mortgage brokerage firms did not create the lending packages that are being blamed for the current mortgage crises. The large underwriters were the ones providing the ARM programs, stated income programs and no document loans and they promoted these loans heavily to the mortgage brokerage industry. We did not create the programs or the problems. Speaking for myself and many of my colleagues in the industry, we made no more money on the ARM programs than we did on the fixed rate products. The ARM programs are the loans that were so heavily pushed by the underwriters and the changes in these proposals are affecting us, not the ones who created the lending programs. That's like General Motors building a really poor model of a particular vehicle and then penalizing the salesman at a car dealership due to the problems resulting from a poor quality product.

One of the proposals to Regulation Z that is going to hurt the small brokerage firms across the country the most is the required disclosure of the yield spread premium to the borrower at the time of application. There is no other industry that I am aware of that requires a license to do business that has to disclose in writing the amount of profit they are making on a particular transaction. This is being changed under the pretense of protecting the borrower from predatory lending practices. I'm not sure that the people who are actually writing the law are aware of how the process actually works. We are quoted a wholesale interest rate and we have the option to mark that rate up to make money. What other industry has to disclose how much they mark up a wholesale product before they sell it. In a free-market economy, every buyer has the option to shop around for a better price. How is that any different in the mortgage industry? Even the large lenders under this proposal are not required to show their profit. In the state of Texas you have to have a license just to sell a used car. What other industry has more of a chance to take advantage of an unsuspecting buyer than that industry? They are not required to disclose how much they mark up a car they bought at a wholesale rate.

I guess what I am saying is that it is unfair that one small segment of a specific industry is singled out. This proposal will only affect the small businessman like myself. My business is struggling as it is. The person reading this e-mail more than likely makes more money than I do as a mortgage broker believe it or not. If this bill passes, it is very likely to put me out of business. I employ 12 people and that's 12 people that would be out of a job. Multiply that by thousands. There are several thousand mortgage brokers and loan officers in Houston, Texas alone that will be affected by these changes. Many have already gotten out of the business due to difficulties that we face. Many of my customers appreciate the fact that they can deal with a small business person who puts their needs first, someone that they can call in the evenings or on the weekends when they need my help or have a question. They like not being just another number to one of the big banks and frankly, several have commented that they don't mind paying a little more to get the personal service that they get from me.

I hope that the people involved in these proposals will reconsider some of the changes being made to Regulation Z.

Respectfully,

**Terry Burnaman**  
Owner/Broker

**Outlook Mortgage, LLC  
5909 W. Loop South, Suite 490  
Bellaire, TX 77401**

**Office 713-592-5665  
Cell 832-309-3123  
Fax 713-665-5674  
Toll Free 866-592-5665**

**Email – [terry@outlookmortgage.com](mailto:terry@outlookmortgage.com)  
[www.outlookmortgage.com](http://www.outlookmortgage.com)**