

From: "Jorge L. Gonzalez" <Jorge.gonzalez@globalfinancinggroup.com> on 04/07/2008
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Subject: Regulation Z

It is obvious that Lender's keep passing the blame to brokers for their underwriting mistakes. They keep forgetting that the brokers did not create the loan programs nor have a say in the final approval. This thing of the mortgage broker fee's disclosure is only the way for them to cut us off. First, they made us disclose the yield spread. Second, they made us have to re-disclose the final fees 3 days prior to closing. Now since they were not successful in cutting us off, they want us to disclose the fees with the original loan application when the broker has not even had a chance to shop the loan.

This is just outrageous. A lot of my loan officers have been approach by several lenders trying to recruit wholesale loan officers. This is just brokers in disguised. The bank is offering loan officers commission employment with the lender. Once the LO signs up they are given a lender list (brokerage). They are just claiming that because they are selling the loan directly to other lenders, you do not have to disclose the yields spread. The loan is sold prior to closing. The LO are still receiving the ysp but do not have to disclose it. They are taking our employees to work for them with same pay structure and less rules.

As for the stated or no doc loan, I have mixed feelings. I understand the no stated with W2 earners but there are a lot of self-employed borrowers that make a certain amount of income but because all the deductions their net income is reduced. By eliminating the stated programs the banks are going to suffer themselves and drag this market down with them unless they decide to increase the DTI ratios. Also, If you deal with a lot of high end investors who do not want to disclose their income due to privacy issues, the only ones that would be able to do this deals would be the lenders themselves.

Here is a thought to consider:

Who are these new guidelines meant to help? It is clear that it is not really helping the end consumer (borrower). The only ones benefiting are the Lenders. They are putting hard working broker shops out of business and taking along every one in the industry with them. Think about it!!! Which title companies and appraisers are the lenders using? Most Lenders have their own in-house appraisal and title division. We are not the only ones going down with the ship. It seems that the Captain of the ship is the only one trying to survive.

Jorge L. Gonzalez

Registered Principal
Global Financing Group, LLC.
Your Residential and Commercial Mortgage Company
5742 Old Cheney Hwy
Orlando, FL 32807
www.globalfinancinggroup.com
O(407) 447-7881
C(407) 925-2628
F (407) 641-5839