

From: "Brian Jacenko, CMC" <brian.jacenko@nationshomefunding.com> on 04/08/2008
12:10:02 PM

Subject: Regulation Z

Board Member:

I work in the mortgage industry as a Mortgage Broker and as a Correspondent Mortgage Banker which is essentially equivalent to a Mortgage Broker in many respects. I have worked for large Mortgage Bankers for approximately 4 years and had my own mortgage broker corporation for 6 years and closed it on December 31, 2006 just prior to this mortgage mess and for reasons other than what is happening today.

For 25 years prior to getting into this industry, I have been a Certified Public Accountant and Chief Financial Officer of a publicly and privately held corporation.

Much of what I have to say in this message is my observations of the mortgage industry in the eyes of a CPA.

My main concern is that any proposed rule changes be applied uniformly to mortgage brokers, mortgage bankers, credit unions, and banks. There is no difference in SUBSTANCE as to how all these entities operate. My secondary concern is that some of the proposals are absurd in being able to implement in the "real world".

To single out Mortgage Brokers is like the AICPA singling out the local/regional CPA from the large International CPA Firms and saying that the international firms do not have to follow Generally Accepted Accounting Standards but the little guy does.

The problems in our industry are not due to Brokers but due to loan officers no matter what your big banker lobbyists try to influence you with. Actually many of the proposals as I understand them would be easier to implement by a Banker rather than a Broker. Having worked in the banker and broker world, I have seen more abuses by loan officers employed by bankers than I seen by brokers. Another reason why any proposals or rule changes should be applied industry wide not at certain segments.

It seems as though many of the proposals have been written by individuals that truly do not understand and/or never worked in our industry. For instance, the new requirements of giving a precise dollar estimate of fees a broker will charge in a transaction even before an application is submitted is impossible. There are too many variables that affect the terms of a loan such as; type of loan, dollar amount of the loan, sales price, financial status, which lender to go with (each has their own pricing system), all of which are unknown until the transaction progresses. This is a perfect example where a banker could complete this and a broker cannot. The banker has their ONE 30 year fixed rate loan and their own lender fees. No matter what your banker lobbyists tell you the banker can determine what they are making on a loan at exactly the same time a broker could. I know because I have done that working for the large bankers.

To be able to shop lenders, title companies, appraisers etc is like a patient getting a good faith estimate from a surgeon so they can shop doctors, anesthesiologists, drugs, nurses, operating rooms, etc. Sounds ridiculous doesn't it but that is what your experts are doing.

I am writing in support of consumer protection goals established by Federal Reserve Boards proposed amendments to Regulation Z, but I respectfully oppose the proposal to restrict compensation for mortgage brokers.

Most large markets are the same as the one I serve in Arizona. The duties of a loan officer are universal regardless of whether they are employed by a mortgage broker (broker) or mortgage banker (banker). They are compensated the same, and generally read from the same rate sheets. The key distinction is the loan officer working for a Broker must disclose the potential yield spread premium income and the loan officer working for the banker does not. The consumer is unable to distinguish between the two so why is the Federal Reserve creating an unfair playing field? If it is a great idea to disclose to the consumer all aspects of the transaction including compensation, then why is it only required for mortgage brokers? If this concept is of such high importance in protect

Sincerely,

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