



Joseph Prevost
Pioneer Financial, LLC
Mortgage Broker
Poulsbo, Washington

To: The Board of Governors of the Federal Reserve System Docket No. R-1305.

I wanted to express my support for the overall goal of protecting the consumer and proposed amendments to Regulation Z, but respectfully oppose the proposal to restrict compensation for mortgage brokers.

I respectfully request that any disclosure or change to regulation Z apply equally to all mortgage originators. Whether they originate for a bank, credit union or a broker. The regulations should be fair and congruent.

Currently there is a disparity in the market place. A mortgage broker and the originators that work for them are already held to a higher standard with regard to disclosures than all others in the business.

Why would you put a rule in to effect that is going to confuse the consumer further and eliminate choices for that same borrower.

Loan originators at banks and credit unions etc. are not held to the same standard for education, licensing and the current disclosure rules as a broker or broker originator.

Put two Good Faith Estimates and Truth in Lending disclosures in front of a borrower, one from a bank and one from a mortgage broker which one is more misleading to a borrower? I am proud to disclose everything. The bank doesn't have to so they don't.

I am in Washington state and was a big proponent of the new Loan officer licensing, background investigation and continuing education requirements. We were able to restrict the undesirable prospective loan officer from the business. Why is this not being done at the banking level. Convicted felons can originate loans at a bank but I am proud to say they will never be able to call themselves a mortgage broker.

The proposed Regulation Z changes would further exacerbate the actual problem you are trying to address. The proposed change would giving an unfair advantage to a bank therefore further limiting clear choices for the borrower and create an inequitable business environment against the Broker.



I have recently read arguments written by bank executives for your proposed change against brokers. They have said the change is good because banks are big corporations and are self regulating, therefore their loan originators are governed by the bank itself. This has not been proven and I challenge you to prove that Mortgage Brokers and their representatives are at a higher level of fault for the current crisis than the retail bank and its employees. I specifically draw your attention to one of the baddest apples in the barrel. Countrywide Financial. The current inequitable disclosure rules were a large contributing factor to this out of control lender gaining too much market share. Now you are considering legislation that will empower these type of institutions further and think that is a benefit to the consumer.

We as mortgage brokers and the loan originators that work for us disclose at a higher level than anyone else in the industry. A loan officer at a bank or Countrywide for example has to disclose very little.

I propose you make the entire mortgage industry perform to a standard set of disclosures. This will clarify the loan term and fees to the consumer and will allow them easier comparison shopping for the best loan. This standard set of disclosures will be a benefit to the consumer by encouraging a higher level of fair competition. It will also assist government agencies whether at the State or Federal level to monitor and enforce all regulations.

Respectfully,

A handwritten signature in black ink, appearing to read "JB Prevost", is written over a light blue horizontal line.

Joseph B. Prevost
Mortgage Broker
Pioneer Financial, LLC