

From: "Scott Nedza" <snedza@mslgi.com> on 04/07/2008 12:30:03 PM

Subject: Regulation Z

To Whom It May Concern:

Clearly, I'd like to express my support of the goals of the proposed amendments to Regulation Z, but would respectfully oppose the proposal to restrict compensation for myself and other mortgage brokers. Our position as an intermediary between borrowers and lenders allows us to offer value to both sides of the transaction – We provide an incredible amount of knowledge and expertise to the borrower(s), as well as adhering to the oft-changing guidelines and procedures of the different lenders with which we transact business.

Our industry is one that contains a great deal of transparency as is, evidenced by the regulations which we follow, as well as the amount of competition. We are a licensed broker that transacts business with many large-chartered banks, yet we face direct competition from them in the same breath, as well as other brokers. There has been increasingly less distinction between brokers and direct lenders in recent years, and frankly, a direct lender IS a broker in the big scheme of things – bundling-up and reselling the loans they originate to presumably the highest bidder. Accordingly, shouldn't a direct lender who sells their loans be subjected to the same disclosures that we are?

Yield Spread Premiums are truly much more than simple compensation – these are funds that we use to ensure that our business stays open, and help us fund our advertising and marketing initiatives, as well as our activities in the community. It is unfair to say that in this industry, only brokers should have to submit to YSP disclosure. It creates an oligopoly in a sense – the larger banks will undoubtedly find a way to use their "lack" of disclosure of Yield Spread Premium to steer customers their way – leaving brokers to pick up the pieces.

Furthermore, I'm not quite sure how we as brokers would be able to accurately and precisely gauge the fees on a particular loan – especially without knowing the parameters of the borrower's situation. There are many occasions where the borrower's situation or purpose of seeking mortgage financing can change during the process. There is no way to accurately nail-down the fees on a mortgage loan prior to application, and then to be held to that amount. What if the payoffs are higher than expected and the borrower needs to increase the loan amount accordingly? What if an appraisal review is requested? What if there are issues with chain-of-title or abstracting? Clearly we are unable to be 100% accurate on closing fees at the time of application, let alone before an application is even completed.

Again, I am in favor of consumer protection, and a fair market, but I would ask that you consider alternatives to the proposed regulation including: greater transparency with direct lenders, or a program which denotes mortgage brokers as being certified in their trade. I thank you for considering the comments I have made, and hope that the right decisions will be made by the people we have voted-in to make those decisions.

Best Regards,

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