

From: "Beverly Herring" <bherring@prestigemortgageusa.com> on 04/08/2008 01:25:04 PM

Subject: Regulation Z

Dear Sir or Madam,

It is with much frustration that I now write this letter regarding the Federal Reserve Board's proposal regarding compensation to mortgage brokers and amendments to Regulation Z. I have tried many times to put this into words, only to become completely frustrated that this is how you seek a solution to the current mortgage crisis by placing mortgage brokers throughout this country in financial jeopardy.

As you see here, I am the broker/owner of a brokerage firm in Central Texas. This company has always supported regulation that truly helped and protected consumers, but this proposal does not pass the mustard. I would like for someone to explain how this will ultimately benefit a consumer. If YSP will no longer be allowed, consumers will have fewer places to shop a loan because brokers will not be able to survive in the marketplace without yield spread. I don't know of any company regardless of what type that could survive charging a 1% fee based on cost whether it is a mortgage broker, car dealer, furniture dealer, etc. Let me ask, what if I were able to get a lower interest rate for a borrower, but the YSP would be higher than was originally disclosed? The way I interpret the proposal, I would not be able to change to the lower rate as I could only receive the YSP originally disclosed. How does that protect a consumer? Therefore, why would I even attempt to help them get a lower rate? Surely, that is not the Federal Reserve Board's goal.

Brokers have always been at a disadvantage on YSP compensation in that we have always had to disclose this premium whereas bankers do not, even though they receive it. I recently was shopped by a borrower that the competition was a banker and yet, I closed the loan. How, by providing her estimates showing the best rate she could receive by paying certain fees and receiving YSP versus her paying NO fees at all and our compensation coming through YSP only, which by the way, was how the banker "disclosed", although obviously he did not have to disclose YSP. I closed the loan, because, even had she chosen the scenario where I was paid only through YSP, which she did not, I still beat the banker's rate!

I have never understood why lenders/bankers should not be required to disclose as we do. They too receive YSP and more often than not, they are reselling the loans they originate. Disclosures should be uniform across the board for all mortgage loan originators regardless of the business affiliation.

I have already begun to receive compensation agreements from various lenders that have been structured based on this proposal and frankly, there is virtually no way the disclosure can be precise or of any value for a consumer because not only do you not know the borrower's financial status, transaction details, loan amount, etc, but we wouldn't even have an application based on the proposal. We simply would be pulling

numbers out of the air. In order to reflect what our YSP would be, we have to have locked the loan, which we can't do without this information or a specific property address! PLUS, we now have lenders that will NOT allow us to lock loans unless a complete file has already been submitted for underwriting. By complete, they mean everything submitted including appraisal and title work, plus all employment and asset verifications.

If the ultimate goal is for all brokers to become bankers, then, so be it. I suggest that someone simply have the forthrightness to put come forward with that proposal. In lieu of that ever happening, I suggest you create a level playing field for all parties by having the same disclosure requirements for ALL originators which encourages competition and thus, provides the consumer with the most favorable loan products that meet their financial needs. After all, many, many factors have created our current mortgage market, but limiting consumer's choices in the marketplace by eliminating brokers through proposals such as this, is not the solution to solving the crisis. Borrowers already receive and sign numerous disclosures throughout their mortgage process without making it more confusing than it currently is.

I appreciate your consideration of these comments in your review of this regulation and trust that you will see fit to do what is just and right for both consumers and mortgage brokers.

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