

From: "Pat Moody" <pat@themortgagecenterinc.com> on 04/08/2008 01:20:01 PM

Subject: Regulation Z

I am a mortgage broker in Cullman, Alabama with offices in a number of small Alabama cities. I have been in business since 1992. In that time, we have served over 6,000 families and made loans totaling nearly \$750,000,000. My average loan size is around \$120,000. I employ anywhere from 10-15 people at my five offices. We have never been sued or had any action taken related to predatory or abusive lending.

Through our state and national association (AMBA- Alabama Mortgage Brokers Association and NAMB- National Association of Mortgage Brokers), we have worked with state and federal officials to bring about licensing and certification for mortgage brokers and at the same time, we have worked to bring clarity and transparency to the lending process.

I am in complete agreement that predatory lenders need to be driven out of the market, however, many times in trying to control a situation, the proposed rules will also stifle the broker who is helping people in his home area where he is known as being honest and professional. At the same time, making a profit is essential to staying in business. The proposed amendments to Reg. Z could put many honest brokers out of business by limiting, and in some cases, banning yield spread premium which is an essential part of the profit structure on any loan we originate. If YSP is limited or banned, the brokers would be forced to charge the customers higher origination charges which could result in the borrowers paying out more money than they have had to in previous years.

Mortgage brokers compete directly with banks, credit unions, and mortgage bankers. In 90% of the loans, the broker rate must either be equal to or less than the banks rates. If our rates, which are market driven, are competitive and we have to disclose our yield spread premium to the borrower which we do on every loan we close- and yet the banks which are receiving "service release premium" or "gain on sale" premiums yet they do not have to disclose this to the borrowers. Where is the fairness? Where is the transparency that we - the mortgage brokers- are being asked to provide? If we are being asked to disclose everything why then do those who can hide their gains or profits through different sounding terms, why do they receive a pass?

We as brokers understand the today's mortgage market and all of its challenges. Making it harder for us to do business in some cases putting us out of business is not going to resolve the issues we are facing.

We are willing to work with the Fed, HUD, state governments, and any of the regulators that propose workable solutions however arbitrary rules with no regard to the honest, small business mortgage brokers helps only the large mortgage bankers/banks who would like nothing better than to see the mortgage broker disappear.

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