

**From:** "Lou Gndt" <LGndt@bellsouth.net> on 04/08/2008 12:35:04 PM

**Subject:** Regulation Z

To whom it may concern;

I am a Licensed Mortgage Broker in the State of Florida, who originates loans in many States throughout America with 1000's of repeat customers. I have been a mortgage broker for the past 26 years and welcome the proposed consumer protection goals of the Federal Reserve Board's proposed amendments to Regulation Z, but strongly oppose the proposal to restrict compensation for Mortgage Brokers. If the proposed restrictions are put in place, this will destroy the many outlets in which borrowers can shop for a loan. The cost of running a business and maintaining an office will be impossible. Many mortgage brokers will have no choice but to shut their doors, including me. There has been so many times where I originate a loan for a borrower after they have extinguished all of their efforts in attempting to contact their current lender to refinance. Imagine how the borrower will be ignored if the mortgage brokers are put out of business. Imagine how many direct lenders will have a captive audience and higher pricing if consumers have no other resources available to them for obtaining a loan. Competition is healthy for any business and it gives the consumer a choice. My commitment to customer service is so strong, that I have a Mobile Mortgage Office and will personally show up at the customer's front door to complete their loan application (including after hours and weekends). If I am personally forced out of business, this will hurt many consumers who need my service to apply for a loan. When is the last time you heard of a direct lender showing up at a customer's home on a weekend to accommodate their needs for a loan?

Mortgage Brokers provide an intermediary service between borrowers and lenders by serving both parties, but representing neither. I personally show up at all of my closings to insure the borrower and lender are represented.

We as mortgage brokers must compete with direct lenders. The distinctions between brokers and lenders has been blurred in recent years as direct lenders themselves typically package and resell loans they originate. Borrowers are largely unable to distinguish brokers and lenders, which have similar names, use similar signage, and rely on similar advertising. I insist that any and all disclosures apply equally to all mortgage originators, not just brokers. By requiring brokers, but not other loan originators to make compensation disclosures, this enables the broker's competitors to steer consumers away from brokers, even if the brokers offer more favorable loans. Yield spread premiums are more than just compensation. In many cases, they are the only way a loan can work. In this market, if a borrower's loan-to-value is too high; our compensation cannot be added to the loan amount. If yield spread premiums are outlawed, this will directly have a negative effect on many consumers obtaining a loan. I cannot count the many loans which I have personally closed strictly being paid by yield spread premium only because of a restrictive loan-to-value.

Everyone in this business realizes how impossible it is to give a reasonably precise dollar amount of fees a broker will charge in a transaction before an application is submitted. Before we can professionally assess what the borrower's financial status is, the transaction details, the type of loan product sought, or the amount of the loan, it is literally impossible to determine our costs, or the borrower's costs. All of these variables may vary as the transaction progresses. We may even blindly quote too much! This would be like an accountant telling a taxpayer what to pay in income tax BEFORE they professionally prepare the tax return!

I suggest that the Federal Reserve Board consider alternatives to the proposed regulation which would protect consumers in their dealings with all mortgage originators. This will only encourage competition on price and service.

Thank you for considering the personally comments from someone who has been a licensed mortgage

broker for the past 26 years.

Sincerely,

***Lou Gandt***

Senior Mortgage Broker &  
Senior Mortgage Banker

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