From: "Aide Saenz" <saenzaide@sbcglobal.net> on 04/03/2008 05:05:02 PM

Subject: Regulation Z

Good day, my name is Aide Saenz, and I am a loan officer in Corpus Christi, Texas. I have been in the mortgage industry for 7 years and have seen many changes throughout. My recent concerns are explained forthwith.

Today I am writing to make you aware of my support concerning the consumer protection goals of the Federal Reserve Board's proposed amendments to Regulation Z. As a loan officer, I do oppose the proposal to restrict compensation for mortgage brokers.

The services that mortgage brokers and loan officers alike are very crucial in today's industry. We act as an intermediary between borrowers and lenders. The value of the mortgage broker being the intermediary adds value in the real estate transaction by serving both parties, but representing neither. We offer a wide variety of choices that best suits the customer. Our integrity is to all parties of the transaction. We must now compete with direct lenders, and in most recent years, the distinctions between lender and broker has been blurred. This is in most part because the lenders themselves typically package and resell loans they originate.
As well as banks are blindfolding the customers. I recently lost a deal to a bank because of promises made that they could do a loan on certain requirements, which seemed attractive to the borrower and the buyer's realtor. I recently spoke to the borrower about his transaction and it seems that the attractiveness of the loan wasn't too pretty. The customer had to go beyond just doing a couple of things but do things that seemed impossible and that no borrower should do to obtain a mortgage.
In recent times, more questions are coming to light about how the consumers can't even distinguish between brokers and lenders, because they have similar names, use similar signage, and rely on similar advertising. It makes no sense to advertise two different ways. All mortgage originators are equal and should be doing the same thing, like advertising, like marketing and above all, disclosures were designed to serve the customer and to be utilized equally by ALL mortgage originators, not just specifically brokers.

This issue has come and gone, but yield spread premiums are much more than just compensation. They are used also to pay fees to lenders, appraisers, supplies needed for the transaction, servicing fees, etc. The list can go on & on. It is used to facilitate the loan transaction in many many ways. We, as brokers, work closely with the consumer to get them the best deal. We offer many choices that make sense to the customer. By requiring mortgage brokers, but not other loan originators, to make compensation disclosures enable the brokers' competitors to steer consumers away from the brokers, even if brokers offer more favorable loans. It is near impossible to give a reasonably accurate or precise dollar estimate of fees a broker will charge in a transaction even before an application is submitted because the broker does not yet know the prospective borrower's financial status, transaction details, type of product sought, or amount of loan, all of which may vary as the transaction progresses. Also, if an interest rate or fees change during the process of the transaction is near impossible to predict. We can be waiting for a better rate to come or switch them to another program that better suits them. We, as brokers, have to be ready for whatever the consumer desires. They are the key to anyone's success. They are the cornerstone to fueling our economy. In recent years, the media, internet and technology has made the consumer more savvy. They are the ones that seek that mortgage broker. We as mortgage brokers work to educate the consumer in a way that they will make the best decision for them. And as mortgage brokers, we must, because of the correct way we run our business, offer them the best services for their investment & future.
I do realize I am being repetitive, but there are so many reasons why I oppose this proposal. Additional disclosures would just confuse consumers and make them choose more expensive loans, thus hurting them at the end.
My suggestion is that the Federal Reserve consider alternative methods to the proposed regulation which would protect consumers in their dealings with all mortgage originators, and encourage competition on price and service.

I thank you, the Board of Governors of the Federal Reserve, for considering my comments and for your valuable time.

Much appreciation,

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