From: "Shelly Haddad" <cfi@cfl.rr.com> on 04/04/2008 09:50:05 AM

Subject: Regulation Z

From: Shelly Payne Haddad of Community Funding and Investment – Orlando, FL

I strongly support for the consumer protection goals of the Federal Reserve Board's proposed amendments to Regulation Z, but respectfully oppose the proposal to restrict compensation for mortgage brokers, as this will discourage free market competition. Some borrowers will steer away from contacting mortgage brokers out of fear, the regulation will make us seem like the bad guy. When in actuality, more often than not I handily beat the local banks, direct lenders and credit unions fees and rates. And my clients are well served. They come back time and again. Just as in any industry or any government body there are good guys and bad guys.

Rather than heavily regulate the mortgage broker's, it is the lenders who should be held responsible for eliminating partnerships with mortgage brokers who create bad loans and charge exorbitant fees and rates. The lenders have a record of what is charged and what the loans do at least for the first few years. They should not be encouraged to reward volume, but encouraged to reward quality instead. To clean up the credit crisis the Fed should look to the lenders, they after all make the loans. The services that mortgage brokers provide as an intermediary between borrowers and lenders, and the value the broker adds in the real estate transaction by serving BOTH parties, but representing NEITHER is important in maintaining free market competition. Singling out mortgage brokers for harsh new regulatory guidelines is unfair and will surely miss the mark. Surely whatever disclosure laws are implemented should apply to all mortgage originators equally, not just brokers.

Yield spread premiums, for example, are much more than just compensation to a good broker, they are often used to pay certain costs and facilitate getting the best loan for the borrower. Last week I used yield spread to purchase the buyer's a home warranty. These buyer's got a better rate than they would have anywhere and got a $ 399 dollar home warranty to boot. This is because I am a quality mortgage broker…..A bank or direct lender would not have been able to assist them so personally. So you see, requiring brokers, but not other loan originators, to make compensation disclosures enable the brokers' competitors to steer consumers away from brokers, even if brokers offer more favorable loans.

Furthermore, it is absolutely impossible to give a 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, credit scores, transaction details, type of product sought, or amount of loan, all of which may vary as the transaction progresses if one is to best assist a borrower. I strongly suggest that the Fed consider alternatives to the proposed regulation which would protect consumers in their dealings with all mortgage originators, and still encourage competition on price and service levels. Perhaps once the initial documentation process is complete fairly precise estimate can be given.

Raising the bar for quality lending practices at the lender level, seems a much more productive means of eliminating greed and promoting free market.

I would like to thank the Board of Governors of the Federal Reserve for considering my comments.

Sincerely,

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The highest compliment I can receive is your referral or introduction to your friends, family and business associates.