

From: "tony buesing" <tonybuesing@gmail.com> on 04/08/2008 01:20:01 AM

Subject: Regulation Z

To: The Federal Reserve Board

From: Tony Buesing, Loan Agent

P.O. Box 7000-235

Redondo Beach, CA 90277

Dear Federal Reserve Board,

The proposed changes to Reg-Z require that brokers, and only brokers, provide consumers a binding, written disclosure of the total dollar amount of their compensation (including YSP, Origination Fees, Processing Fees, Underwriting Fees and all other fees earned) prior to application. Requiring only brokers to provide such a disclosure will confuse and harm consumers who will mistakenly believe that lenders who don't disclose their compensation are saving them money. Most of the Mortgage Industry has been eliminated due to Banks closing their wholesale lines of credit. This new regulation will close the doors of the few brokers that we have left. These disclosures will not help the consumer but instead penalize them. The consumers will have only one option and that is Banks. The Banks are already charging excess fees and enjoying the lack of competition. Consumers will not understand the difference between a Reg Z from a Broker and a bank. This disclosure needs to be thought out more and not passed. Why is the law only punishing the Broker and not the Banks? The Banks also brought down the Mortgage Industry and I see no focus on regulating them. Change this regulation to disclose fees a various times during the transaction for both Brokers and Banks. Change this regulation for Banks to also disclose their YSP and Origination fees and rebates for selling a particular loan product. The law should not discriminate between the Broker and Bank.

Requiring brokers to disclose their total compensation as a dollar amount before application will also lead to seat-of-the-pants service estimates based on partial information. A Mortgage Broker will be required to blindly, without adequate underwriting criteria, disclose to a borrower their total dollar compensation for a given loan without the opportunity to make adjustments based on unforeseen circumstances.

The consumer will not be able to shop a loan against a Broker and a Bank. The Bank disclosure will not be the same and the Bank will be allowed to change the fees at the last moment. The Broker needs to be able to price the loan according to underwriting practices that price upon credit, equity, value, and assets. If the broker does not have a

basic background of the borrower, then pricing will be completely incorrect. The consumer may have been receiving a better deal with the broker but because of lack of information, the Broker will have to quote higher to cover any missing pieces. The broker is going to behave like a fortune teller on charges rather than doing a professional job by evaluating the data needed for pricing.

The proposed changes to Reg-Z dictate harsh underwriting guidelines for a new class of higher cost loans, those with APR's that exceed comparable treasury yields by a certain margin: 3% above for first mortgages or 5% for second mortgages. The proposed triggers are far too inclusive and will subject many Jumbo, Alt-A, Agency-Jumbo and FHA loans to these new guidelines, preventing credit worthy borrowers from obtaining financing. The Financial Industry is already in a Crisis. Why is there new regulations preventing people with good credit and good assets to not receive a loan? The Crisis was created by too creative and risky loans with low credit and low assets. We need to focus on common sense loan products.

The proposal mandates a written disclaimer from the mortgage broker that states: "a lender payment to a mortgage broker can influence which loan products and terms the broker offers you, which may not be in your best interest or may be less favorable than you otherwise could obtain". Under California state law a mortgage broker has an obligation to make a full and accurate disclosure of the terms of a loan to borrowers and to act always in the utmost good faith toward their principals (borrowers.) The proposed language wrongfully misrepresents the duties a broker owes his client, in probable violation of state law. This disclosure is the most controversial statement ever originated. The Banks sway their consumers every day to take a less favorable product and there is no regulation for them. Do we see this disclosure in car dealerships, furniture stores, markets, and any other places of business? Every where you shop has a variance of prices and products. Do we put warning labels in every product we purchase saying that the profit margin in this product may be too high for the consumer and beware that you may find it cheaper somewhere else? We have laws protecting the consumer and a consumer can voice their unfair treatment to the Real Estate Board and the license can be removed from the Broker or Sales agent. We have safeguards in place to protect the consumer. The crisis was created only by greed of Wall Street, Investors, Banks, Brokers, and speculators of real estate. Why was it that I saw the warning lights when all the real estate was increasing at rapid rates and no Federal Agency investigated the cause of the sudden increase of prices? A dramatic jump in prices was the signal and no one cared to investigate the cause and effect. The cause of real estate sky rocketing was too much creative financing given to non-qualifying borrowers which drove the prices. Brokers are not to be blamed, but instead everyone is to be blamed of this crisis. Everyone wanted to become rich over night.

Please keep fair competition between Banks and Brokers. Do not pass any of the regulations above. I know you are under great pressure to create new regulations, but these are not the solutions. I enjoy my profession for the last 14 years and I want to keep my job. Please restructure the regulations to keep our Brokers in business.

Sincerely,
Tony Buesing