

**From:** Joseph Spisak <jaspisak@sbcglobal.net> on 04/08/2008 09:00:03 AM

**Subject:** Regulation Z

I respectfully am submitting this letter as I have concern over this proposed change to Regulation Z.

Please know that I am not opposed to change and that I do strongly support consumer protection. However, in being more specific, I am in favor of changes to Regulation Z that truly benefit the consumer.

As currently written, the proposed change to Regulation Z has some major errors. The premise that borrowers trust mortgage brokers versus banks or direct lenders is faulty.

As in many debates, statistics can be used to support either side of the argument. However in speaking from my own personal experience, borrowers do not trust a mortgage broker any more than they would a bank. In fact, the mortgage services I, and many others like me provide, has become a commodity over the last decade. I would further like to point out that banks & direct lenders have a competitive advantage due to the history of mortgage payments and also due to the reputation created through advertising.

Historically, customers have gone to their local bank to make their mortgage payments and as such know their bank and the people who work there. There is an established relationship with the bank due to clients having checking and savings account(s) there. The bank is seen as friendly and their home of their funds.

With regard to advertising, banks have the resources, (profits made on consumer deposits), to advertise and inundate advertising mediums with their pitches. Watch for all the Countrywide, Wells Fargo, Washington Mutual, Bank of America commercials which show them as being the consumer's trusted source of money.

"No one can do what Countrywide can!" "Welcome to **Bank of America**, the nation's leading financial institution and home for all of your personal financial needs."

So how can one reasonably believe that the end consumer sees the mortgage broker as being on their side more than that of the bank? This is a faulty premise and is just not true.

Please also know that as a mortgage banker and broker, I am neither on the consumer's or the bank's 'side' of the transaction. I, and many others like me, see ourselves as neutral mediums who are just able to provide many more mortgage products as well as mortgage specific knowledge than a single bank can. So our value is seen by the consumer as pricing first, and then our knowledge and other related and perceived benefits thereafter.

Now in speaking to the best benefit to the consumer and the proposed changes to Reg-Z and the unfair burdens placed only on the NAMB and its constituents, let me respectfully pose a few points and questions;

How can this proposed change which commands mortgage brokers to disclose, in detail, what they will earn on a transaction, prior to application, while a Bank or direct

lender, does not, benefit the consumer?

Wouldn't a fair playing field of full disclosure from a Bank and Broker necessitate the best outcome for the consumer?

I understand the argument that a bank or direct lender can sell, (broker), or portfolio a loan and as such would have too much of a burden put upon it to disclose this.

However, I am sure that greater minds than mine can come up with a middle-ground solution that is fair to everyone and truly benefits the end consumer.

Maybe the bank has to disclose what it will make should it act as a broker, (which they do in many cases and can know upfront on a loan file), and then have a separate disclosure with a range should they decide to portfolio a loan. Fair is fair and this is what's best for the consumer, and this is our highest priority.

To put it in other terms, let me pose another question...How can a broker know what income it will earn on a file, prior to knowing the financial status and credit worthiness of a borrower, the details of the transaction, the type of product sought, the loan amount & etc., let alone not withstanding the non static market environment the broker works in and alternatively, how can a bank or direct lender not know what it will earn on a loan file when it is the one who is the source of money?

It appears that the cart is being put before the horse here and that if this is going to be the case, these proposed changes, if passed, must be applicable to banks, brokers and direct lenders.

If I may back this up with a 'recent real world experience': loan officers from banks are already showing up at Real estate offices and other sources of business for mortgage professionals and are already speaking to how much mortgage brokers earn and how they will now have to disclose their income which they never had to do prior to this. Not only is this information untrue, but this is a beginning to the campaign of presumption and misinformation which has already started in earnest.

How much worse will this become should Reg-Z's proposed changes pass "as is?"

You see, I respectfully offer this so that you may know that by passing the proposed Reg Z changes, you will not serve the end goal which you aim to accomplish and that which I do admire.

So please reconsider, re-write and make any changes applicable industry-wide, if you truly want the consumer to benefit from fair lending practices.

Thank you for reading this email petition and in considering the points, concerns and questions I have raised.

Sincerely,

J.S.

Mortgage Banker & Broker  
Chicago, IL.