

From: "King Anderson" <kinganderson@lakewoodhome.net> on 04/04/2008 01:25:03 PM

Subject: Regulation Z

Please consider the following in response to Docket #R-1305:

I have been in the mortgage business in the greater Grand Rapids, Michigan area for several years and have worked for several different companies including banks, lenders and brokers. My positions have ranged from loan officer sales to sales manager. I have seen many good and some bad brokers. I have been fortunate enough to work for some of the good ones.

I strongly support the Federal Reserve Board's proposed amendments to Regulation Z. However, holding the broker hostage by restricted compensation should not be allowed.

Brokers originate loans that are designed and in most cases underwritten by the direct lenders. This includes major banks and mortgage companies. A broker by definition is; *one that acts as an agent for others, as in negotiating contracts, purchases, or sales in return for a fee or commission.* Most brokers act on their innate responsibility to represent both the lender and the borrower. By definition a mortgage broker is; *the matchmaker between a homebuyer and a lender with the goal of them originating a mortgage loan. The broker draws from a pool of various lenders to find the right match.* Compensation must be a fair market value and not strictly regulated. The amendments to Regulation Z aid in protecting the consumer. Broker restriction regulations will eliminate equal credit analysis and hurt fair lending practices that now offer consumers a broader choir of products.

Consider what many banks and large lenders do in their retail centers. Most large lenders already have a 'yield premium' built into the rates they offer that is already equal to as much as 2% in yield spread that you're thinking of asking a broker to disclose and not this lenders. Most large lenders and banks will also sell their mortgages and/or receive a service premium that is never disclosed. The definition of a lender: *To provide (money) temporarily on condition that the amount borrowed be returned, usually with an interest fee.* Perhaps it is time to stop lenders from doing the broker's job.

Our nation's financial difficulties over the past 16 months have already eliminated most of the bad brokers as well as many bad lenders. This was driven by unregulated lender loan programs not brokers. This is all regardless of the Federal Reserve's designated strengths. Restricting the broker's income will only increase the big banks power and profit and allow them to monopolize the industry and greatly harm the individual free enterprise capabilities that have made this country so great. Additionally, it will remove many choices for the consumers and dilute their ability to control their own destiny.

Disclosures should apply equally to all mortgage originators and not just brokers.

Banks, credit unions and lenders are part of the same system that brokers operate in. Brokers help to regulate all other parties involved in the refinancing and purchasing process by being non bias and offering a larger array of loan products. Many banks and lenders can only offer a portion of the products and services that brokers can. Yield spread premiums are much more than just compensation for paperwork. There are many other items of research, preparation, documentation, implementation and services that require a fair compensation to support good, fair and conscientious customer service.

It is unjust to require brokers, but not other loan originators to make these compensation disclosures. If this practice is allowed it could eliminate the many choices of loan products that consumers currently have at their disposal. It will give a false appearance that brokers charge more than is fair for their service and dedication. Fair market value is: *The price, as of a commodity or service, at which both buyers and sellers agree to do business.* It is impossible to precisely estimate a dollar amount the fees a broker will charge in a transaction *before* an application is submitted. In most cases, especially for new and uneducated consumers, there are many more actions that cost and add time to the process of completing a loan. The brokers function is to negotiate and act as a mediator and counselor in favor of the consumer.

I ask that you consider alternatives to the proposal which will protect consumers in their dealings with all mortgage originators, and encourage competition on price and service.

Thank you for the work and dedication done by the Federal Reserve to preserve and protect the competitive spirit that not only makes this country great but that which will better protect the consumers of our nation. Thank you for your consideration of these comments.

Warmest regards,

King Anderson

Frank King Anderson Jr

Senior Loan Officer

Reverse Mortgage Certified

kinganderson@lakewoodhome.net

2627 East Beltline SE Ste 310 / Grand Rapids, MI 49546

1-616/588-2117 Direct / 1-800/276-8119 ext 117

1-616/301-1445 Fax / 1-616/634-6544 Cell