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Subject: Regulation Z

April 7, 2008

Board of Governors of the Federal Reserve System

In RE: "Docket No. R-1305"

Dear Board Members:

I would like to take just a moment to discuss the key points in the 'Proposed Rule Amending Regulation Z (Truth in Lending and HOEPA)'. For the past 8 years I have owned and operated Landmark Financial Group, Inc. located in Pittsburgh, PA and was in the profession for twice that time also in the Pittsburgh area. I am not one of the fly by night quick scam artists that proliferated in the smash and grab greed infested era that **everyone** involved in this industry seemed to profit from! In fact; my impeccable reputation can be quickly verified with the PA Department of Banking the State and National Mortgage Brokers Associations and Better Business Bureau, not to mention the numerous real estate agents I have had a working relationship with for all of these years.

It is with great sadness that I find myself writing this in the hopes that in some small way I can play a role in salvaging the dwindling business that remains in this unprecedented time. While I strongly support the consumer protection goals of the Federal Reserve Board's proposed amendments to Regulation Z, I must respectfully, but just as strongly oppose the proposal to restrict compensation for mortgage brokers. I must preface the following comments to convey my particular business is generated via the aforementioned R.E. agents' hence the vast majority of my business is purchase money. I have NEVER worked with a telemarketing firm and have existed all these years on my reputation alone in conjunction with the honest hard working ethics instilled upon me thru my parents' small business during my *younger* days.

It is important for all involved with this legislation to know that our compensation is the *only* method we have of getting paid. For example; in the Pittsburgh area the median sale price of a home is not even \$120,000, which means there are numerous homes selling for \$20-30,000 too. Recently my lenders have instituted their own form of 'self policing' by limiting the maximum compensation to 4%. So by the time I split the compensation (50% employee splits are common in our area) with an employee capped at the current max of 4% on a \$20,000 deal he'll be *lucky* to get all of \$300 *after* taxes but *BEFORE* expenses. The law makers may or may not be aware, it takes weeks of phone calls and constant contact with numerous venders throughout a transaction to take a loan to closing. Since every transaction is different (particularly in today's ever tightening lending environment) it is impossible to do an hourly breakdown but I am guesstimating 30-35 hours total per loan.

This is *less* than \$10 an hour – take out an average persons monthly cost of gas alone @\$400 according to a quick Google search – and take into account it takes on average 30 days to get to closing start to finish, and you have to PAY to go to work! This is ***insane*** in a small market like ours, yet in New York City and similar large markets; my peers can make one point on a loan and walk away with 20-30 GRAND!!! What needs to be done is to cap compensation to a set max figure (like \$20,000), in addition to the 4-5% restrictions most lenders have already implemented. It's the same story unfortunately, we don't need more laws on the books, we simply need the ones that are there to be enforced. And the thought of regulating brokers and not ALL originators (no matter the affiliation) is again insane! This would only foster the same corruption your noble proposal is trying to eliminate, but with a different sector and a different name on the door, and worst of all – with less choice for the consumer! I implore you to realize that everyone needs to make an *honest* living, and those of us that abide by the current legal *and moral* ethics, welcome these needed changes to weed out the 'bad guys' prevalent in every profession where there is money to be made (in other words...every profession) – but NOT at the expense of those of us trying to provide a much needed service to the masses, *as well as* put food on our table, gas in our cars, and a roof over our heads!

I may be reading the proposal incorrectly, but I would also like to address the inherent problem with immediate and final disclosure upon contact with a client. This is unrealistic for many reasons, key among them the fact that every bank no matter whom they are and no matter who the client is, have pricing structures that are based on credit, loan to value, time frame of closing, and employment status to name just a few. Unfortunately NON of us know when we first talk to a client any or all of these and the other factors that determine costs/fees/rate, nor can we predict how they will change after making application which legitimately changes the entire pricing structure of the loan.

I do not envy the position you are in to try to determine a fair and just method of protecting the consumer, but to implement a law that would effectively eliminate most of the competition (as brokers would be put out of business), would do MUCH more harm ultimately than good. Ironically, it is the brokers that act as the intermediary between consumers and lenders, and can quickly and effectively shop around for the best deals amongst them. If these lenders where so concerned with the consumers, why did they allow originators to make 6 figures on ONE loan, and why do they typically sell the loan before the first payment is even made? I am not lender bashing here, but to think they have more concern and compassion for the consumer than anyone else, and not force *their* originators to abide by the same laws is a recipe for disaster!

I closing, it is a fact that most consumers cannot even recognize the difference between *us* and *them* due to the prevailing deception with tricky name plagiarism and similar advertising tactics. It's a fact that lenders have been angling to eliminate brokers since we started performing this most necessary service for consumers nationwide, and in fact closing the vast majority of loans nationwide (ironically, proving our value)...they

are just disguising it under the name of uniformity and disclosure. The one thing that is critical to me about our role in this, is the fact that we brokers stand for the lenders AND the consumers, while not actually representing either! If done properly, and legally, it is THE BEST scenario possible for a consumer, and one that must be held together if the final objective is one of equality.

I respectfully submit this in the hopes that the changes forthcoming allow for a fair and reasonable profit for services rendered by all parties, and indeed affect everyone in our industry while not singling out any one particular entity, which would ultimately do a disservice to the public. Thank you for your time.

Sincerely,

J. Dana DiVecchio
Persident