From: "Craig Tindall" <ctindall@principalmortgagellc.com> on 04/07/2008 07:55:03 PM

Subject: Regulation Z

April 7, 2008

Board of Governors of the Federal Reserve System

Dear Sirs:

I have been in the Mortgage Industry for 15 years now. I started with a large bank, then went to an independent mortgage correspondent and am now a broker. I have been a Loan Officer, a Managing Producer and a Sr. Vice President of a very successful production company. I have held licenses in multiple states, been involved in the Alabama Mortgage Bankers and even served on the State Board of Directors for the Alabama MBA. I consider myself a student of our Industry and thrive on learning more about what I call my career. I state all of this to say that I do not pretend to know everything about the Residential Mortgage Industry, but I know that this Proposed Rule Amending Regulation Z is unnecessary.

It is absolutely impossible to offer a customer the best product and rates available for their situation without knowing what that situation entails. Recent changes in the pricing structure by Fannie Mae and Freddie Mac make this proposed “complete disclosure” on the front end even more impossible. Now, in order to know for certain if there will be a credit score adjustment to the pricing we HAVE to have their credit pulled and an application and ONLY after that will anyone be able to adequately and appropriately quote a rate for someone.

As a Broker, we already disclose to the customer our COMPLETE compensation including, but not limited to origination, Yield Spread Premium, Underwriting Fees, etc. This disclosure is done up front to the best of our ability given the information originally provided and again at the time of closing based on the specifics of the closing. Therefore we ALREADY disclose TWICE, completely to our customer prior to any fee being received.

I have heard Yield Spread Premiums be called “bonuses” to Brokers. Whomever uses this term to describe this compensation has obviously not done their homework. Yield Spread Premiums are used in conjunction with Origination to arrive at a total compensation for the Originating Lender. Sometimes there is no Yield Spread and sometimes there is no Origination and only Yield Spread and sometimes there is a combination. Since rates and prices are changing with the market on a minute by minute basis, to even consider removing this vital piece would be devastating not only to Brokers, but to consumers. Also, the Yield Spread Premium is fully disclosed to the consumer as part of our compensation while banks and correspondent lenders do not disclose the Servicing Rights Premium (SRP) that is received by them via the same Secondary Market on every loan that is sold to Fannie Mae, Freddie Mac or other institutions. An example of how this is negative to the Consumer and Broker would be someone who is purchasing a house and intends to live there 3-5 years. If you look at the standard pricing model that most everyone in our Industry uses, the consumer would be quoted a rate with and without origination fee. This typical fee of 1% of the loan amount usually is @ .25% in rate lower for a loan with origination than without. Generally speaking, by paying the 1% fee up front and receiving a .25% lower in rate, the cost benefit analysis says the consumer would need to

stay there about 60 months or 5 years to break even. So the consumer would be better off with less cost up front and a slightly higher rate since they plan to stay less than 5 years. Well, if the Broker can only be compensated by way of Origination Fee and the Banker, Lender can raise the rate and receive a higher SRP, then you have effectively eliminated the competition and now the Consumer is stuck with whatever the bank/ lender charges.

One of the great ways Brokers serve customers is with our ability to shop amongst many lenders. Banks and other Lenders are doing the same thing, but due to their overhead, they have to generally charge a higher rate and receive more per loan compensation in order to cover it.

I am completely supportive of a National Registry and Licensing of ALL Originators as long as that applies to ANYONE who sits across from a customer and takes an application or does so by phone, internet, etc. The Consumer should have some security that the person they are dealing with is competent to a degree, since the home is usually the largest single investment someone will make.

After 15 years and the opportunity to function as a Banker, a Correspondent and now a Broker, I can tell you that the best way for me to serve my clients and referrals is to be set up as a Broker. Please consider the ramifications of your actions. If more information is desired or a forum for discussion is presented, I will be happy to be involved in any manner necessary.

Sincerely,

Craig L. Tindall

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Managing Member

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