

From: "Brad Donnelly" <bdonnelly@nmco.net> on 04/08/2008 10:20:04 AM

Subject: Regulation Z

TO: Board of Governors of the Federal Reserve

RE: Proposed new rule amending Regulation Z (Truth in Lending and HOEPA)

My name is Brad Donnelly and I have been a mortgage broker in the State of Michigan since 1993. I do agree that there needs to be additional items put in place to educate our consumers as well as protect our consumers from unscrupulous brokers and lenders. Please note that I support "changes", but respectfully oppose the current proposal to restrict compensation to mortgage brokers.

The recent housing turmoil has brought about fear in the marketplace. Many members of Congress are pushing for an overhaul in the industry and have some valid points, but I believe this particular proposal will have a negative effect on the people you are trying to protect (the borrowers). If you are successful in changing "our" way of doing business, the end consumer (borrowers) will pay higher fees and rates. Furthermore, the borrowers may not be educated enough to make the proper choice when it comes to their mortgage product(s).

Personally, I take time to sit with my clients and educate them on all of the mortgage products. Together, the potential borrower and myself, we determine which loan product best fits their personal needs. There is much more to mortgage lending than rates and fees ... there are other items that a consumer must take into consideration when choosing a mortgage product. In some cases, it would benefit the borrower to pay points and obtain a lower interest rate. In other cases, the borrower may benefit by paying a higher rate and lower fees. These are the types of choices a mortgage broker can offer to their prospective clients.

Many lenders and banks simply offer one loan, one rate and one set of fees. By removing our ability to work with the clients and educating them on "all" of their options, you will be forcing consumers to make difficult choices (without the assistance of a broker), pay higher rates, and potentially paying thousands of dollars in higher interest over the life of their loan. By steering the consumer to banks, you will also limit the amount of choices a borrower has when it comes to their mortgage. Many banks offer one set of guidelines where a broker (such as myself) has multiple wholesale investors to look at to find what the consumer and I believe to be the best choice.

In addition to the confusion this new proposal will add to the consumer, it is impossible to give a precise dollar estimate of fees and broker income. There are too many factors involved with pricing loans:

- q Amount of loan
- q Credit score
- q Loan to value
- q Combined loan to value
- q Type of product sought
- q Seller concessions

All of those vary as a transaction progresses.

If this proposal is to come to a vote, I would hope that you would level the playing field by applying the rules to **ALL** mortgage originators, not just brokers. This would include bankers, lenders, Realtors, credit unions, and other financial companies that offer mortgages to their clientele. I also suggest that you consider alternatives to the proposed regulation which would protect consumers in their dealings with all mortgage originators, and encourage **fair** competition on price and service.

The State of Michigan has just passed legislation that will require the licensure of all mortgage brokers. In addition, each broker will be required to pass back round checks, attend annual continuing education classes as well as become part of a national registry. I personally hoped this would have taken place years ago, and am happy that it finally came to fruition. I believe that ALL brokers, bankers, or any other party involved in the real estate industry should have the same type of licensing requirements.

Additionally, I support and agree with the comments submitted by the CMPS Institute which can be found at: <http://www.cmepsinstitute.org/pdf/CMPSCommentsforFRB.pdf>.

Thank you for your time and consideration. I invite you to contact me if you have any questions or if you require any additional information.

Sincerely,

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