From: "Rod Martino" <rmartino@bendcable.com> on 04/07/2008 06:20:04 PM

Subject: Regulation Z

We support the Federal Reserve's goal to protect consumers from bad players in our industry. The amendment to our Reg. Z regarding an upfront disclosure by Mortgage Brokers may be well intended but it is flawed. First of all, having a disclosure of this sort done before a loan is submitted for approval is ridiculous due to the fact that the borrower may not even qualify for the said loan and disclosing an exact amount of premium yield spread may be futile at best. Loan programs, interest rates and the borrowers personal needs can change (especially in today's lending climate) before the loan is approved or the borrower chooses to lock in the rate. Having a specific upfront disclosure on the total fees "projected" in a transaction is not understanding the industry, especially when premium yield spread can be used to minimize a borrower's out of pocket costs. If the loan program changes by virtue of any number of variables the borrower will then again have to sign a new upfront disclosure before submitting to another wholesaler...?? Were you aware that most wholesalers already have a cap on the total compensation by mortgage brokers in any one transaction?

Furthermore, this disclosure is NOT to be required by Federally Chartered Banks, even though many of them act as mortgage brokers when originating and pricing mortgage loans. I have personal knowledge of several bad actors locally who have recently secured employment with a bank so they don't have to disclose. This is prejudice in it's perfect form. Not having banks disclose their fees upfront when brokers will be required to do so is just an attempt to mire the brokers down into another complex, and somewhat confusing situation that will not be recognized by the banks. Discrimination plain and simple. Sometimes well intended legislation can have unintended consequences that may hurt consumers.

I do understand giving the borrower all the information they need to make a qualified decision on where to do business but when they see the banks are not disclosing all the fees then the consumer may feel that banks do not receive premium yield spread or service release premiums and do business with them instead of a broker. This scenario cannot be helpful to the average consumer and will only allow banks the opportunity to raise their profit threshold even more.

I personally believe that with all the required disclosures we have in our State, as well as the disclosures that our wholesalers have in place as well, the borrower is protected far better than what they were in the past. (Except perhaps from out of state mortgage bankers who can still operate under the radar when dealing with our consumers) The banks can continue on with the way they are doing business and the consumer is still in the dark regarding premium yield spread when dealing with them. When they do business with our firm, they are disclosed to in a far better fashion then when dealing with a bank and are more educated as well. That's why they usually come back.

This proposal, if implemented, will have far reaching implications for our consumers and economy alike, and employs discriminatory business practices. Please do not employ this procedure as it will not help the consumer but will confuse them. The NAMB has the right idea on this proposal, please listen to them.

I would personally like to thank you for the opportunity to discuss this measure and my hope is that you find a way to better serve the consumer. I am available for any assistance if needed as I believe that my being in the industry for the past 16 years may give you some insight on what is really needed. Contact me, I have some great ideas that I would like to share.

Sincerely,
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