



From the desk of Nicole Ward

March 31, 2008

Attention: Board of Governors of the Federal Reserve System

RE: Docket No. R-1305

I'm writing this letter as a small business owner and as a person who supports fair lending practices and originates loans in a responsible way. I am very disappointed that our government is positioning mortgage brokers as the scapegoat in this mortgage crisis. In point of fact, by offering competitive financing from multiple lenders to each borrower, responsible mortgage brokers help responsible consumers leverage debt intelligently – to the benefit of American families and our economy.

If your goal is to tighten financing by regulating loan origination, then originators across the board, whether working for a mortgage broker or for a lender, must be treated the same by the law. By restricting the compensation of brokers, you simply empower – and embolden -- institutional originators. The results will be predictable: You'll run small independent mortgage companies out of business and you'll put consumers at the whim of banking conglomerates. In the end, there will be just a handful of big banks with a monopoly over residential finance. This entire idea runs afoul of our efficient market system. If the government required every business to advertise its costs and profit margins, we'd all be bankrupt in short order. It's simply unfair to wiggle out of this mess created by high-risk mortgage-backed securities by turning brokers into the bad guy.

As you know, this crisis was instigated by big lenders extending loans to high-risk borrowers, because they intended to immediately unload these loans. These are the same lenders you plan to let control residential mortgages with this new regulation?

Since the lending melt down, I've seen much more stringent underwriting by the lenders for whom I originate, and I believe this is the answer. The idea that everyone needs to own a home is ridiculous. The idea that everyone needs to own a vacation home as well is even more ridiculous. The idea that you've just filed bankruptcy, lost your job, and spent your last two dollars and can still borrow \$300,000 is ridiculous in spades. And probably most absurd of all is the idea that you can get a mortgage and one of the repayment options is to not repay your loan! Mortgage products need to be fair to consumers, not ingenious traps created by Wall Street. That's your answer.

The bottom line is if you unfairly enforce these compensation regulations just on the broker's side of the mortgage industry, you will just be closing the doors on small businesses and limiting the options borrowers have for shopping for competitive rates and an actual human being who will take the time to explain this complicated morass. I consider myself one of my clients' most trusted financial advisers, and I work hard to help responsible consumers finance their homes. I don't help people who have no financial resources get into impossible loans with impossible terms. Help me keep my doors open.

Nicole Ward
Principal

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