

**From:** "NANCY VIEJO" <AMERICANMTG@KNOLOGY.NET> on 04/07/2008 01:10:06 PM

**Subject:** Regulation Z

First, I thank you for the opportunity to comment on this most important matter.

- I have been in the mortgage business since 1995 and have owned my own mortgage business since 1999. I have extensive education and am a longtime member of FAMB and NAMB.
- While I respectfully support honesty, integrity, and educating the consumer with regards to home buying, I cannot agree with some of the proposals being offered by HUD. Let me say, I have never helped the consumer finance an option arm or a high cost loan. There are many like me out there that have run an honest business. It is hard enough to make a living right now and I feel that some of these proposals will put even more strain on my business. I am barely holding on right now without access to FHA.
- Acting as an intermediary between the lender and the borrower is crucial to the existence of the broker. The liability for a small business to act in the capacity of representation would be a nail in the coffin. In Florida, the attorneys made it such with Real Estate agents as transaction brokers, representing the transaction, not either party for the same reason. It has worked very well.
- In the past few years I have seen many people get hurt badly by being talked into loans from "direct internet lenders" promising to be the best loan out there for them, only to find out at closing "without the proper disclosures upfront" that the loan was nothing like they were told. I have gotten many phone calls from consumers at the closing table wanting me to do something for them. The only thing I could tell them is that we would have to start the process over with proper disclosure (which is already a law), and to walk away from the closing if they felt deceived. Many did not take my advice and are stuck with something they can't afford. Many consumers are under the impression that ALL originators act the same way. Brokers have much stricter regulations already.
- Florida has already built in the Good Faith Estimate that at the time of application the Broker has to disclose an upfront maximum front and back fee that might be charged and when the loan is locked, that disclosure has to be redone with the EXACT amount that the Broker is receiving. We cannot get one penny more or less at closing. Exact fees cannot possibly be determined at the time of application since Brokers are subject to the lender's underwriting and inspection of all documents to determine if the program identified at application is the one that is in compliance with guidelines. When final approval is given from the lender Brokers have the go ahead to proceed with closing. Only at that time do Brokers know the cost of the loan. In Florida we must give that final disclosure no later than 3 days after lock in and 3 days before closing so that the consumer can see and agree or not on the actual money. This way of disclosure should be mandatory for all lending not just the Broker. Originators that work for lenders make the same spread on YSP as Brokers but for some reason do not have to disclose to the consumer so it looks like the lender is making no money which in my opinion is deceiving. Lenders package and sell loans in a matter of days and collect that exact amount of YSP and even more.

- YSP is crucial to the lending process in keeping the out of pocket costs down for the consumer. Without them even though the interest rate may be lower, most borrowers would have to come up with more money at closing which is restrictive to first time homebuyers with limited resources. YSP is much more than compensation, although compensation to both lender and broker alike, it has been in the forefront of every consumer friendly talk show. All consumer advocates tell the consumer to ask for 0 points and 0 origination when shopping for a mortgage. If any lender or broker must give an interest rate with those terms, there must be YSP built in or we work for free, which we all know won't pay the bills in any Brokerage or Bank. I don't know of any other business that has to disclose to the client the profit they are making on a product. I would really like to know how much the supermarket makes on an item or the car dealer makes on the car he is selling me.
- All in all yes disclosure is good but good for everyone not just a few. Our businesses are important to everyone and the way we handle them in the future is a matter of fairness to all not just a few.

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