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Board of Governors
Federal Reserve System

April 8, 2008

Re: Proposed Rule Amending Regulation Z
Docket No. R-1305

I would like to take this opportunity to provide our comments on certain areas of concern regarding the proposed rule amendments. Please note that I have personally been in the mortgage industry for 25 years and have owned a mortgage company for the last 15 years during which I have had the opportunity to employ thousands of individuals. I ask that you take my comments with the perspective of the knowledge and experience I have in our industry.

1. Alliance Mortgage Group supports the consumer protection goals of the Federal Reserve Board proposed amendments to Regulation Z, but respectfully opposes certain restrictions within the proposal with respect to the compensation of mortgage brokers,

2. As an intermediary between a borrower and a lender, a mortgage broker is able to offer diverse loan programs that a mortgage lender alone can not. Because a broker can search numerous lenders, to find the loan program that best fits the borrower, the broker is able to customize a loan program for the borrower. A lender has to offer only their limited loan programs that may or may not be the best loan program for the borrower. This gives the mortgage broker the advantage to find the best loan program for the borrower.

3. Mortgage brokers must compete with direct lenders for the borrower's business. Direct lenders use undisclosed Yield Spread Premiums to pay their loan originators' commissions, closing costs and other costs associated with the loan. This appears to the borrower that he/she is not paying any loan fees. A mortgage broker, on the other hand, discloses all fees and closing costs upfront, thus giving the borrower an accurate cost assessment of their loan. Since a direct lender does not have to disclose Yield Spread Premiums, they can show a borrower what appears to be a better loan when in fact it is not. This will only steer away borrowers from mortgage brokers who are providing the borrower with the best deal possible due to the range of lenders a mortgage broker works with.

4. Mortgage brokers, mortgage lenders, banks, and other lending institutions need to be on equal footing in regard to disclosures. With this amendment, only the mortgage broker has to disclose Premiums paid by a lender the mortgage broker.

Mortgage lenders, banks, and other lending institutions also need disclose the amount of premium they receive when selling the loan. Most mortgage lenders, banks, and other lending institutions do not portfolio their loans but sell their loans on the secondary market.

5. Today, mortgage companies and banks advertise to the same markets, using similar names, and similar approaches. The Mortgage brokers, though, live with disadvantages due to regulations applicable only to mortgage brokers that mortgage lenders, banks, and other lending institutions do not have. All mortgage industry companies should compete for the business fairly. This will work if all lending institutions are bound by the same disclosure requirements.

6. Providing a precise dollar estimate of fees a mortgage broker will charge before an application is submitted is virtually impossible. The mortgage broker, at this point in the process, generally does not yet know the prospective borrower's financial status, transaction details, type of loan sought, amount of loan among just a few of the items necessary to prepare a full and accurate application. Many, if not all, of these items may vary as the transaction progresses to its finality.

7. We would suggest that the Federal Reserve Board consider alternatives to the proposed regulation which would protect consumers in the dealings with ALL mortgage originators, whether they are mortgage broker, bank loan officers or employees of mortgage lenders, and encourage competition on price and service.

I appreciate the opportunity to address our concerns concerning the proposed regulation and hope that you will consider our comments.

Respectfully submitted,

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