

From: Larry Burkhalter <leldrib@aol.com> on 04/01/2008 03:40:04 PM

Subject: Regulation Z

Dear Sir/Madam,

I am opposed to some of the requirements set forth in these rules, specifically:

1- Requirement that the mortgage broker/originator determine the borrower's ability to repay over and above the underwriter's determination. Besides being a duplication of effort it puts an undue burden and responsibility on brokers/originators, whose job is not to be an underwriter, but to bring the loan applications up for consideration of underwriters. This would make the mortgage broker liable as a "super underwriter".

2- The requirement that a precise and final mortgage broker fee is to be disclosed at application is simply unworkable. At application almost everything about the borrower and the property is unknown and/or unproven. Warranting broker/lender costs as the only known thing amongst all the unknowns is not realistic. A simple file can become a complex one overnight. When that happens, the loan changes, the effort by the broker changes, the rate changes, the costs change, and so the broker compensation must be allowed to change as well.. There is a reason the good faith estimate is called, and should continue to be called, an "estimate".

3- The APR triggers for "high cost" are too low. Also, eliminating no doc and stated income loans under all circumstances within "high cost" is counterproductive. There are legitimate times for both.

4- The rules as a whole put the mortgage broker at a further disadvantage compared to direct lenders. Both broker and lender perform the same function and both sell or assign their mortgages to a handful of primary mortgage holders (who service Fannie and Freddie loans). Nonetheless, the disclosure requirements are very different for brokers versus lenders. This puts mortgage brokers at a serious competitive disadvantage. In the long run what this means is less competition. More and more brokers will ultimately come under the control of direct lenders because, with different ground rules, they will not be able to compete as independents. Less competition always means higher costs for consumers.

Thank you for considering my concerns.

Sincerely,

Larry

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