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Subject: Regulation Z

These proposed changes are extensive and warrant further input. And having such a short comment period certain suggests that they will not be considered!!!

Clear disclosure is a very important goal and I support your efforts. There are certainly some great thoughts and consumer interests at hand here. But equally at stake is small business. The backbone of our economy. The banks now represent less that 40% market share when it comes to origination of Mortgage Loans, quite frankly to poor communication and service. The public simply prefers to talk with and meet with a professional directly on their transaction and Large banks like to consolidate mortgage processing and eliminate local access for most clients. If banks can gain an uncompetitive advantage they will seize it and earn more fees in the process. Banks have proven time and time again they are about generating fee income, lower costs and increasing their bottom line.

First hand I know of many Employed by bank loan officers at such fine companies as National City, Bank Of America, and Washington Mutual where the loan officers negotiate interest rates with an overage that they count as income per transaction. The statement that Banks do not know how much they will earn in overage until some future date is not accurate. These Individuals that I know personally quote rates with overages (the equilivant to yield spread premiums) immediately over the phone off their own rates sheets. Yet these numbers are not disclosed on the HUD 1 and the consumer is not making a decision based on interest rate and total fees as your have portrayed for Mortgage Brokers to disclose.

If Bankers, or loan officers employed exclusively to national lenders can continue to earn overages without disclosure this creates an unfair advantage. Bottom line if the new good faith is to implemented than all loans regardless of the source of origination should adhere to the same test and transparency.

Another advantage Bankers have is that they also originate to wholesale lenders the exact way that Mortgage Brokers do. The same account representatives call on banks and secure loans. Banks actually broker out a large percentage of their loan applications to the same places and terms that Mortgage Brokers do. Yet again they currently do not disclose "yield spread premiums", nor would your proposed changes require them to. Again an unfair competitive advantage to Banks.

Bank loan officers should be held to the highest standards, since the public often relies on the accuracy and truthfulness of the loan offer simply because they are employed by a bank. Unfortunately I find in real practice that bank employees had taken advantage and compromised this trust with poorly disclosing the terms in particular on 'Option Arm Loan" where clients simply do not know that the rate is adjustable. Washington Mutual Originated over 60% of their mortgage loans over the past two years to clients as "option arm loans" How is that in the clients best interests.

When I look at the new good faith proposal of giving a client multiple offers and then honoring them for 10 days, it is completely unrealistic to comply.

In order to factor in all the pricing adjustments on a rate sheet for a single transaction is daunting a good guessing at best, until the clients data has been evaluated properly. For instance banks have a large matrix of price adjustments based on credit scores and Loan to value of the transaction. If you have pulled the credit scores than you can plug in that adjustment. If the transaction is a refinance then once the appraisal arrives you can plug in that adjustment. How can you expect the Broker to know these answers before any diligence has been preformed. Another example is the debt to income ratio has adjustments for higher ratio's. Once all financial data has been reviewed carefully then you can account for debt to income ratio rules. This data needs to collected, reviewed then disclosed. It takes a great deal of time to come to a conclusion that an applicant qualifies not something you can do at the point of contact. Is a person to assume the client has the best possible credit scores, the lower loan to value and low debt ratio's to prepare the estimate that will be shopped around town. Then start over if you will the client and do an accurate proposal once all the data has been reviewed???? My business is earned by referral not by giving out low ball estimates and winning a shopping contest.

Secondarily the rates offered from wholesale lenders to Mortgage Brokers change daily and in fact in this market they change hourly. With wide pricing changes. There is no way to guarantee rate quotes beyond the moment it leaves your lips. For instance in January we had a morning that conforming rates opened at 5.25% at par by the end of that day they ended up at 5.75% at par. That would have required over two points to buy it back down to 5.25%. On a $300,000 loan that would have cost $6000. What small business can write that check, when he is at the mercy of the market??? Jumbo loan programs will not let mortgage brokers lock a rate until the file has been approved. Having access to wholesale lenders means rates react both favorable and negatively in open market terms. If large banks set the rates for 10 days they would price a premium to protect against market movement. T am certain that the Fed's are not intending to affect daily trading in order to promise clients a rate freeze for ten days.

Lastly all of these mandated changes land on the small sized business in forms of costs to implement major changes. It is a very difficult environment to stay in business when transaction numbers are down over 50% and more for purchase transactions. To high install costs will continue to cause small businesses to fail and further limit the consumers options and hurt our economy.

My vote is for a level playing field, all people whom offer mortgage terms to the public use the same rules and forms no exceptions. No long guarantee of terms unless we can add actual qualifying details into your acts of god statement as a reason to redisclose fees and terms to remain in compliance. Upfront disclosures are required now and redisclosing is required now. The long estimate will complicate the process and cause more confusion and if left as is place a negative to using a Mortgage Broker when in actuality the consumer will get better attention and most likely lower rates for using him.

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