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Subject: Regulation Z

To Whom It May Concern:

I support and agree with the Federal Reserve Board's goals to protect the Consumers in the mortgage origination process. I believe the way to accomplish that should not be to restrict compensation for mortgage brokers. As a mortgage broker, I have seen the work of some "bad apples" but that is not everyone. I work really hard as a mortgage broker to educate my customers and provide them a service that will benefit them. It is unfair to single out Mortgage Brokers and point the finger that we are solely responsible for the mortgage crisis that people are facing. I think the bigger concern should be how Lenders are making money and there is NO disclosure.

First, I would like to explain how Lenders and Brokers make their money. Once that is understood you will realize that the Lenders have a BIG advantage in potential to charge excessive fees than the Mortgage Brokers. A big misconception is that by going to a Lender they are going to get the best rates. What they don't realize is that they are paying "retail price" on the interest rates. The Lender has already "padded the rate sheet", added a premium on the rates they quote to yield a profit that the consumer NEVER see. The difference is when the Consumer goes to a Broker; the Broker has access to wholesale pricing and then adds the broker's fee, which could be more or less than the Lender's rates. The Broker adds their expertise to shop for the best pricing and program for the Consumer. An example is when a Consumer has less than perfect credit; the Broker can package the loan and send it simultaneously to different Wholesalers to shop for the best rate and program. If those same Consumers go to a direct Lender they are basically held hostage to that Lender's rates and programs. This limits the Consumer's options and therefore could hurt the Consumer more. If the Consumer is "savvy" enough and has the time and resource they can go to another Lender but had they gone to a mortgage broker the Broker would be working hard for them to find another solution therefore saving them time and resources.

Currently both Lenders and Broker make money for Loan Origination Fee and Yield Spread Premium (YSP) BUT Lenders DOES NOT DISCLOSED the amount whereas the Brokers is already required to disclosed the YSP on the HUD-1 and Good Faith Estimate. Why not require the Lender to disclose their YSP instead requiring Brokers for more detail disclosures.

As a Broker we work to serve both the Lenders and the Borrowers. For the Lenders we are looking for qualify Borrowers who can repay back their loans and for the Borrowers we are looking for the best suitable product at the best price for their individual needs. We provide the knowledge and expertise by educating the Borrower with varies program and guide them through a very challenging process. For most people their home mortgage is their largest monthly payment and the purchase of their home is usually their largest investment. We earn our commission by acting as an intermediary between the Borrowers and the Lenders. This is an important value added service that Brokers provide. If Brokers are restricted in the market place and placed at a BIGGER disadvantage to the Lenders, this could hurt the consumers because it could eliminate the existence of Brokers. Both Lenders and Brokers are Loan Originators so why shouldn't be the same disclosure requirement for both.

We currently have to compete with direct lenders on the upfront fees and most do not realize on top of all the fees I wrote about above most Lenders typically package the loans and resell them almost

immediately after the loan closes for another fee. Again this additional fee is not currently disclosed or mentioned so the total compensation a Lender may earn on a loan is far greater than the Broker. More focus should be on educating the Consumer on the difference between Lenders and Brokers and allow the consumer to choose what is best for them. I have recently encountered multiple situations where we work as Broker with the wholesale division of a Bank and when we enter borrowers information; the Banks direct retail lending department "Lenders" solicited our Borrowers.

There is a BIG difference between Lenders and Brokers and most consumers do not understand the difference. I believe that if you are to require disclose of fees including YSP, then make it uniform for all Mortgage Originators both Lenders and Brokers. Brokers are already required to disclose the YSP, why continue to focus on forcing Brokers to disclose in more detail when you have not evaluated the Lenders who are also mortgage originators. I believe if both Lenders and Brokers are required the same disclosures equally more Consumers would choose to work with a Broker and receive the maximum benefit and services.

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