

From: "Mike Brown" <mbrown@alliedmortgagegroup.com> on 04/02/2008 11:25:04 AM

Subject: Regulation Z

My name is Mike Brown and I am a mortgage broker in Blue Springs, Missouri. I am been in the lending industry since I graduated college in 1989. I understand that there needs to be something done with the industry but I object to the current proposal to restrict compensation for mortgage brokers.

I have worked for lenders and mortgage brokers. I truly believe a mortgage broker can provide a better service for its customers. When a customer applies with a mortgage broker, their file is going to find the best deal among a large list of lenders. Compared to applying with a lender and getting pigeon holed into a product because it fits. Without being able to compete with lenders, customers will lose this advantage.

I can appreciate any changes you may wish to make but make them across the board. Lenders and mortgage brokers should be treated equally.

Regarding yield spread, this isn't only compensation. It is often used to pay costs associated with the loan. A lot of times the customer doesn't have enough equity to cover the entire transaction and we pull money from the yield spread to get the deal done. Great examples of this are when a customer is converting a high adjustable rate loan and getting 7% fixed versus 6% and no yield spread makes perfect sense.

The disclosures that have been introduced will only confuse customers and steer them away from good products. There are currently over 20 pages of disclosures sent to a customer considering a loan. I don't believe throwing more paper at a customer will solve the problem. I think a good place to start would be eliminating products that perform the worst. You can have all the disclosures you want but if you still offer bad products bad things will happen.

I would also welcome stronger licensing requirements for mortgage originators similar to securities licensing requirements and insurance testing.

With the increased requirements to become mortgage originators and elimination of crazy products offered by investors, I believe the current mortgage crises will go away. With these ideas in place 5 years ago this never would have happened. Ask your self this one. A self employed customer walks into your kitchen with a 560 credit score, former bankrupt, can't verify his income, and no money to put down a new house, Would you give him \$200k of your own money? Probably not. Well these are the products companies were coming up with and ultimately packaging up for sale.

I appreciate the work you are doing to improve the industry and I thank you for considering my comments.

Good Luck,

Michael Brown

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