

Comment Letter

RE: Proposed Rule amending Regulation Z (73 Fed. Reg. 1672, January 9, 2008)

It is my understanding that the main objective of the Federal Reserve, with this Proposed Rule, is to implement consumer protections and ultimately to aid the consumer in making better informed decisions regarding mortgage financing. However, I would like to point out the ways in which this rule will do the exact opposite in certain instances.

I would like to specifically address the Board's objective of making the lending market transparent to borrowers by requiring only mortgage brokers to provide additional disclosures. In my opinion, ALL loan originators whether they represent a mortgage broker or a banking entity should be held to the same standards and offer the same disclosures.

Mortgage brokers consistently deliver lower and competitive rates as evidenced by the 50%+ market share. ALL originators should be required to disclose all the same information in the same format whether they are a broker or lender loan originator. Banks often broker their loans as well but would not be held to the same standard as loan originators providing the EXACT same service to the borrower. How can this be helpful to the borrower or fair to the broker?

Both the 2004 and 2007 FTC Studies conclude that, based on exhaustive empirical research, imposing different disclosure requirements on different types of mortgage originators confuses consumers and impedes competition, thus making it more likely that consumers will be unnecessarily burdened with more costly mortgages. Isn't this exactly the outcome that the Federal Reserve is striving to change? The goal is to help the consumer make better financial decisions, not worse –correct?

I also want to address the timing of the Loan Origination Fee Agreement required to be given prior to application. Too many unknowns are present prior to loan application. Basing a fee solely on information provided by the borrower without obtaining a credit report is premature and even the credit report is not sufficient information to assess the time and effort required to obtain loan approval. For this reason alone, the original fee agreement should be allowed to be a range fee quote.

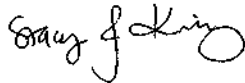
In the way the proposed rule is written, the originator would have to lock the loan at time of application to deliver the fee quoted on the Good Faith Estimate. What if the borrower wanted to float their rate and monitor market conditions in hopes of an improvement? If rates were to worsen, the originator would be held to unrealistic quotes from different market conditions. Another example would be if a borrower, upon application, wanted to simply refinance the first mortgage and then upon further financial review, it would behoove the borrower to payoff both the first and the second together. In this case it would be a higher charge than originally quoted and the borrower would forego the additional benefit due to unrealistic unchangeable fee expectations set prior to application.

For this reason, we would like to suggest an alternative. We propose a second form be delivered at time of lock in that can be compared to the first form and the HUD 1 offering an exact dollar figure to be earned. This would allow for changing market conditions as well as the borrower's preference to lock or float at time of application. This would allow for changes to compensation based upon changes in loan program or other circumstances beyond the originator's control.

In summary, if the ultimate goal of this rule is to preserve the borrower's rights and enhance those rights with additional information provided through disclosure then ALL originators should be held subject to the same standards and the borrower's should be offered proper disclosures that allow them to change financing options throughout the process if those changes benefit their financial position.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "Stacy Kimrey".

Stacy Kimrey
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