

To Whom It May Concern:

I began my lending career at Bank of America, where I was employed for 20+ years. I am now a mortgage broker and have been active in this side of the business for more than 10 years. When I obtained my Real Estate License I understood that it was my fiduciary responsibility to select products and pricing which are most advantageous to my client. Regardless of whether required or not, my work ethic would allow no other way of doing business. However, if I found 2 lenders with exactly the same products and pricing best suited to the client, yet one offered to pay a larger rebate (or yield spread premium) I would select the one who would pay my firm best. But never have I utilized this practice if the client was in any way damaged or given less attractive terms.

Whenever we try to legislate our way through a crisis, interfering with free markets, it is the consumer that ultimately pays the price. To require that all fees and terms must be quoted at time of application is fine. But to say that the fees may not change, regardless of market conditions, is unrealistic at best. At worst case, brokers will have to quote high to protect themselves, and again the consumer gets hurt. If I take an application at 5:30pm, it is not possible to obtain a rate commitment before the next business day. If the market opens with fees 0.5% higher, then my quote will not cover my costs. If the client changes their mind about the type of loan they want to obtain, the pricing can be vastly different. In order to honor the initial fee quote, the client may not be free to choose the best rate on the new product as it will likely have a different fee. Most consumers are not well informed enough to make a final decision about the type of loan they want and whether or not to pay points based upon information provided at their initial meeting. They go home and review my proposals, think about it, talk to their coworkers and then change their mind. **Shouldn't the consumer retain the right to choose?**

Requiring a disclosure that tells a client that rebate can influence which loan products and terms I offer them, which may be not in their best interest or may be less favorable than they could otherwise obtain; **is not only insulting, but untrue. I have never selected a product, or pricing, which is not specifically in the best interest of the client; my compensation is secondary.** Instead of discrediting our entire industry, why don't you audit and prosecute the small percentage of brokers who behave in that fashion? You are throwing the baby out with the bath water. We have enough challenges trying to serve the public in this environment, without our legislators creating unnecessary regulations which ultimately end up hurting the people who need our help most.

There is a health care crisis in this country. Do you tell doctor's they can't change a treatment plan after prescribing a medication they can't recommend surgery later, because it costs more? When is the last time your doctor told you how many people he has killed doing that same surgery? Do you prohibit an attorney from taking a case if his expenses and compensation will exceed 50% of the client's settlement? Why do you allow CPA's to charge more than the refund they propose, without any advance disclosure of the cost. I can't think of one professional business that is held to the standards you are proposing for Mortgage Brokers.

The solution lies in the Banks establishing and maintaining effective underwriting guidelines. Do you think Mortgage Brokers are responsible for all the 100% loans which are failing? Did Mortgage Brokers create all the designer loan which allow no payment of principal, negative amortization, teaser rates and huge fluctuations in payment and terms? Mortgage Brokers only delivered what the lenders were marketing. They publish their loan types, requirements, etc. on their marketing materials; we delivered what they asked for? I'm sure there is an element of fraud in any business; however, you need to look at the banks when you try to understand their current instability, the foreclosure rates, etc. They practically begged for this to happen. Weren't all those designer loans created so the banks could make more money? And what about the Investment Banker's that packaged and sold all these loans to Investors doing so under false pretenses? If they managed to defraud sophisticated investors, what about Ma & Pa Homeowner? So, because the Banks have a stronger lobby, you regulate our industry instead.

Some regulation is appropriate, such as the new MLDS form. But insulting an entire industry who had no part in creating these risky loans is just shuffling deck chairs on the Titanic.

Isn't clear to anyone in Washington where this mortgage crisis originated? It really isn't complicated. Please legislate accordingly. Please, it will protect our consumers and help bring this crisis to an end!