From: "Charlie Hardcastle" <charlieh@minnmortgage.com> on 04/02/2008 06:45:02 PM

Subject: Regulation Z

To Whom It May Concern:

I have to surmise that R-1305 is being pushed by lobbyists representing federally chartered & state banks; they have everything to gain & nothing to lose. My issue with this resolution is that you are blatantly discriminating against brokers & not banks; let's remember that we are selling the banks loans & we have to abide by their guidelines & regulations.
What this resolution is saying is "mortgage brokers cannot be trusted but banks & credit unions can". What you are asking is for brokers to show exactly what our perceived profit is; how many businesses have to show what their exact profit is; none that I can think of? When you buy goods at a store, when you purchase a car, when you buy a home, when you receive service from your doctor; is it mandated that they disclose what their profit margin is for their product or service? Of course not, that would be ridiculous!
Perspective buyers of any product or service have a hundred ways to determine whether or not they are paying fair market value for what they receive. It works for every other business, product & service; why do you feel loans are any different? I understand that you want solutions to the mortgage crisis; making brokers the scape- goat only covers the real problems while creating more market shares for the banks.
Let's review some facts regarding the flow of mortgage money:

- Borrower gets a loan
- Brokered through a lender or originated at a retail bank/center
- The broker utilized a banks funds
- The bank typically sells the loans through an aggregator that bundles the loans and sells them to the secondary market (Wall Street) as a bond (mortgage backed security).
- Investors buy the bonds as investments, looking for a good rate of return.

There are bad people in every business; the majority of brokers are not lurking in the shadow looking for unsuspecting borrowers to ensnare in their doom & gloom loans; they are the same exact loans banks are selling every day. The simple truth is that the market created loan products with a higher margin & with that higher margin came higher risk. The real deception came when unsuspecting investors thought they were buying A+ paper but the paper was soured by C+ paper as well. Values plummeted & the short term, high risk paper began to adjust; unfortunately credit standards have tightened & those borrowers that have been faithfully paying their loans day in & day out suddenly have no way out of a loan that is costing them more money.

Loosening guidelines will help, borrower education will help, getting the banks (that you seem to love) to rewrite loans instead of foreclosing will help; making brokers show how much they make on the loan (which they already do) is not going to do anything but create a monopoly for the banks. Let's not forget that the banks are the ones peddling the products to us to sell, not the other way around. The issue is that brokers close over 70% of the loans nationally; banks want that to change. Free markets have always been the equalizer for competing businesses; don't take away our ability to compete because the borrower will lose!

Best regards,

Charlie Hardcastle
ROGHARD
FINANCIAL
A branch of Mtg. Inv. con.
Mortgage Banker/ Owner

7505 Metro Blvd, #300
Edina, MN 55439
Office: 952-351-8300
Direct: 952-351-8302
Cell: 952-843-3031
Fax: 651-203-4311
E: Charlie@roghard.com
W: www.roghard.com