

**From:** "J.P. Davis" <jpdavis@aaronmortgage.com> on 03/27/2008 03:15:07 PM

**Subject:** Regulation Z

To the Board of Governors of the Federal Reserve System;

Thank you for giving me the opportunity to comment on the Proposed Rule Amending Reg Z. My name is J.P. Davis from Louisville, KY, while I support the consumer protection goals of the Board of Governors; I respectfully oppose the proposal that would restrict compensation to mortgage brokers. If there is a change that needs to be made and more safeguards put into place then these new rules should apply to *all mortgage originators* . As a mortgage broker, I do not aid borrowers obtain financing any differently than lenders do so why confine your new legislation to just brokers?

We provide services to both parties, but represent neither and clearly let consumers know that through a disclosure form signed by all borrowers. I compete daily with lenders and know for a fact that lenders typically package and resell their loans similarly to what I do. Most consumers do not differentiate between lenders and brokers, sometimes the signage and advertising campaigns even look the same.

Yield spread premiums are much more than just compensation. We use them to offset certain costs and facilitate the loan transaction. As mortgage brokers we already have to disclose the Yield Spread Premium on the Good Faith Estimate and the HUD-1, whereas lender do not, yet they receive the same compensation, sometimes in the form of Service Release Premium and do not have to disclose it to borrowers as we already do on EVERY loan. If brokers only, are required to make these compensation disclosures, then we will be at a competitive disadvantage because lenders could use this to steer customers away from us. Furthermore, it is impossible to give a precise dollar estimate of fees when we do not have a complete financial profile from the borrower or know what type of loan or loan amount we are dealing with.

I suggest that the Fed consider alternative rules that should be applied *equally to all mortgage originators* , this will encourage competition on price and service.

Thanks for taking the time to consider my comments.

Respectfully,

J.P. Davis