

From: "Jason Chandler" <jason@ffmconline.com> on 04/03/2008 10:05:02 AM

Subject: Regulation Z

To Whom It May Concern,

I am writing to express my concerns with provisions of the proposed amendment to Regulation Z. It is my understanding that the proposed amendment would require mortgage brokers, **but not other origination sources like banks**, to give the borrower a fee disclosure that shows total compensation including yield spread premiums up front before the application is even submitted.

This type of provision will definitely create an undue burden and a competitive disadvantage for mortgage brokers. Why should brokers be held to one standard, while all other origination sources are held to another standard that makes their loans appear less costly? That would clearly be unfair and will certainly cause many brokers to go out of business, further complicating the mess that already exists in real estate and lending.

I understand that the Government and the Fed are looking for somebody to blame for this lending and foreclosure mess, and it seems like brokers are the targets (which begs the question of whether or not the decision making entities are in the pocket of the big banks, who are looking to drive brokers out of the business). While there is no question that a tiny minority of brokers over the years have conducted business in less than honorable ways, that is applicable to any industry. There are certainly banks and direct lenders out there that have conducted business in tremendously unethical ways. I remember hearing about a recent major appraisal fraud scheme perpetrated by a HUGE national direct lender...

It isn't brokers that are solely to blame for subprime loans and foreclosures. Why then penalize only brokers by imposing a fee disclosure standard that will confuse borrowers and put us at a huge competitive disadvantage? That is not the type of business environment that made America successful.

I urge the Fed and other decision making bodies to resist the temptation to hastily enact new regulations and laws that may intend to help the consumer and to prevent this kind of mess from happening again, but in reality only aggravate and exacerbate the lending and housing crisis even further by driving brokers out of business.

How can having fewer choices be better for consumers?

Hundreds of thousands, if not millions of people will be negatively impacted by this amendment to Reg Z, as you will be putting Americans out of work almost immediately. Brokers will not be able to compete against the banks with an unfair disclosure standard that applies only to them.

Please do not enact this amendment, or any other punitive, unfair standards that single out brokers only. If you want to regulate the industry, make rules that apply to everyone.

Regards,

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