

**From:** "JoAnne Chambers" <joanne450@comcast.net> on 04/02/2008 03:00:04 PM

**Subject:** Regulation Z

*April 3, 2008*

**Board of Governors of the Federal Reserve System**

**RE: Proposed rule Amending Regulation "Z" (Truth-in-Lending)**

*Dear Sir/Madam:*

I work for a small mortgage-broker located in Jacksonville, Florida. We originate loans in Florida and South Carolina. We have been serving the local communities for many years and value our position in the marketplace as an industry leader in providing competitive (below bank) rates to mortgage applicants.

I would like to express support for the consumer protection goals of the Federal Reserve Board's proposed amendments to Regulation "Z" BUT respectfully oppose the proposal to restrict compensation for mortgage brokers.

Mortgage brokers provide an invaluable service by providing competition for consumers in regards to BIG banks. Mortgage brokers add value to the real estate transaction by bringing consumers and lenders together at below BIG bank rates. We act to serve both parties in the transaction, the lender and the consumer. Although we represent neither, we are providing an invaluable service to consumers, who without brokers would end up paying higher rates/fees.

Our biggest issue is the fact that mortgage brokers must compete with direct lenders and how

the distinctions between brokers and lenders have blurred in recent years as lenders themselves typically package and resell the loans "broker" to other lenders.

Consumers are largely unable to distinguish between brokers and lenders, which have similar names, use similar signage and rely on similar advertising. I can only find it necessary that any disclosures apply equally to all mortgage originators, not just brokers.

Yield Spread Premiums are much more than just compensation, they are used to pay certain costs and facilitate the loan transaction. In the real world, requiring brokers, but not other originators, to make compensation disclosures, enable the broker's competitors to steer consumers away from brokers, even if brokers offer more favorable loan terms. Isn't that what this country is all about? Choice and competition?

It is near impossible to give a reasonable precise dollar estimate of fees a broker will charge in a transaction even before an application is submitted because the broker does not yet know the prospective borrower's financial status, transaction details, type of product sought, credit scores or amount of loan, all of which may vary as the transaction progresses. These variations exist whether a consumer goes to a bank, an originator or mortgage broker. Shouldn't all of us "play" on the same field in order to make it "fair" and understandable to the consumer?

I suggest that the FED consider alternatives to the proposed regulation which would protect consumers in their dealings with all mortgage originators and encourage competition on a price and service basis.

Thanks in advance to the Board of Governors of the Federal Reserve for considering my comments.

Sincerely,

***JoAnne Chambers. Mortgage Broker***

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