

**From:** Chuck Warren <chuck@beaufortmortgage.com> on 04/08/2008 05:15:02 PM

**Subject:** Regulation Z

Dear Governors of the Federal Reserve: My Wife and I own and operate Beaufort Mortgage, Inc. We are a small 2 Originator Mortgage Brokerage firm operating only in the State of South Carolina. We have respectively, 30/15 years of Banking/ Brokering experience. We do loans for "A" thru "D" Borrowers, with most of our business either VA or Rural Housing purchase money loans. We are active in our State Mortgage Broker's association and Rene is the current Treasurer of this group. We have been proactive in promoting consumer friendly legislation in our State and enjoy good relations with the South Carolina Dept of Consumer Affairs,our Regulator. We have not had a single complaint filed. We complete all the continuing education and annual licensing requirements in a timely manner.

I know that the Federal Reserve is trying to solve a massive crisis that has occurred in the financial markets due to unsound business practices. National Lenders and Wall Street came up with programs that were not designed for the average Borrower (Option ARMS, etc.), but were marketed to them by Lenders who then pushed them off on Wall Street. We had local and National Banks signed up to sell these products to the same companies. But I believe, however, that by not applying all the regulations to every mortgage originator, you are depriving the American consumer of their most valuable channel to get a low cost mortgage, the Independent Mortgage Broker. In South Carolina, we, as Brokers, act as an "Agent" for our our Borrowers, and I quote,"We owe you a duty of the utmost care, honesty, and loyalty, including full disclosure of all material facts". We are also a State that requires an Attorney close all mortgage transactions, giving Borrowers an additional layer of protection and information. We fully disclose our projected earnings by our Fee Disclosure and Agreement for Financial Services. This form details, by amount and %, all of our fees that we might receive as compensation to completed the loan. South Carolina law requires Mortgage Brokers only, to disclose Yield Spread, as well as Origination fees and any Broker fees collected. We also do this in the 800 section of the Good Faith estimate.

Banks, large Mortgage companies also make a " Yield Spread" That is the difference between what their cost of funds is and their charged rate and fees. I compete on a daily basis with the largest Credit Union in the world, and usually beat them in price or rate. For example, on 7 August, 2008 CU VA posted rate 6.00% 0 Origination/ 0 Discount Points. Our rate 5.875% \$95. Origination / 0 Discount Points. CU rate 5.5% -1% Origination Fee/ 2% Discount Points. Our rate-5.5% 1% Origination Fee/ 0% Discount points. These are 30 day prices. Why aren't they going to be subject to the same regulations?

We have always provided anyone who desires one, an accurate Good Faith Estimate, without any application required. This is subject to them qualifying for the requested loan program. We provide free credit reports, without obligation, for our potential Borrowers. We are a conservative company, priding ourselves on getting our Borrowers the best program to meet their needs and circumstances.

I thank you all for your consideration of these comments and appreciate the difficult decisions you have to make. Yours in Service,  
Chuck Warren/ Loan Officer- Beaufort Mortgage, Inc.