

From: "Anchor R.E. & MTG" <anchor@cfl.rr.com> on 04/01/2008 12:12:22 PM

Subject: Regulation Z

To Whom It May Concern within the Board of Governors for the Federal Reserve System:

I am writing to express my support for consumer protection and appreciate the Federal Reserve Board's efforts to do so with the proposed amendments to Reg. Z, but I am deeply concerned with the restrictions directed towards mortgage brokers with regards to how we receive compensation. I believe the services mortgage brokers provide both the Lenders and Borrowers is a necessary service which typically creates a more personal loan process for the Borrowers and allow the Lenders' employees the opportunity to do their job more efficiently. In most of my situations, I have the ability to facilitate the process in a quicker manner by being local as opposed to the Lender; which is a big benefit not only to the Borrower but also the Lender. I also get to oversee a lot of the process more efficiently than the Lender which allows for a clear representation of the loan being processed.

It has become frustrating in recent years, since I must now compete with direct lenders which follow a similar pattern to mortgage brokers with regards to the loan origination process. In the end, most of these direct lenders tend to resell the loans they originate as well. Where's the benefit to the Borrowers in that? I have the ability to seek out the best loan for the Borrower and make sure they are receiving that benefit, direct lenders do not. What they offer is just that, nothing more. The distinctions between Direct Lenders and myself are becoming blurred in the market place. Most consumers do not understand the difference or have a hard time distinguishing the difference between my services and Lenders; because of this lack of understanding I feel that any disclosure regulation should be required by Lenders & any other mortgage originators not just Mortgage Brokers. Requiring only Mortgage Brokers to disclose all compensation would create an unfair advantage to our competitors. If we should have to disclose, it should be equal all across the board for all mortgage originators!!!! You know on another note, when you finance a car are those finance originators disclosing the compensation they receive from the loan? NO. Do most consumers in the auto industry realize that when they finance a car the finance manager is getting yield spread compensation? NO. If we are going to regulate finance compensation then I say, regulate all financial transactions!! Unfairly targeting Mortgage Brokers is an outrage.

If I was to have to disclose what all of my compensation would be up front and it cannot fluctuate no matter what, why would I be in business? It should be considered an ESTIMATE, not "set in stone". We are not WOLVES. Most businesses cannot give an exact dollar figure when providing such a complicated service. One can only provide an intelligent estimate based on what information is provided by the Borrower. Anyone in the business knows that what you see is not always what you get. Borrowers' may present their credit, employment, etc in the best possible light, but upon further investigation - the situation may not be as originally represented. Lenders receive this leniency, why do we not? Say an appraisal is ordered, but upon completion it has higher adjustments on the comparable properties than what the Lender's guidelines stipulate. What do they do typically? Order a field review or BPO. This additional review is

then past onto the Borrower; but what a minute, was the Borrower aware of this additional fee when they accepted the preliminary loan approval? NO.

On another note, to regulate who can order an Appraisal for a subject property to only Lenders and their employees would also be a deterrent to the Borrower. I can speak of numerous occasions where the Lender was not local and hired the Appraiser only to find that they were overcharged for the services provided. Mortgage Brokers are local to the Borrower. We have the ability to reduce closing costs by negotiating these third party costs, and in most cases just because of the simple fact that we are familiar with the local market service providers & their costs.

I could give numerous examples of life situations where this type of regulation specifically pointed at Mortgage Brokers, would fail and be the cause of the decline of Mortgage Brokers all across America. I encourage you to consider alternative methods than those currently proposed, that would protect consumers with regards to ALL mortgage originators, not just Mortgage Brokers.

Thank you for taking the time to read my thought and I hope you will take them into consideration when writing new regulations.

Sincerely,

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