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**NAMB Files Lawsuit Against the Federal Reserve to Prevent April 1st Implementation of LO Compensation Rule**

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**NAMB Files Lawsuit Against the Federal Reserve to Prevent April 1st Implementation of LO Compensation Rule**

**NAMB fights to preserve and protect the mortgage broker and prevent limiting credit opportunities to consumers**

**MARCH 10, 2011**—The National Association of Mortgage Brokers (NAMB) has filed a lawsuit in United States District Court for the District of Columbia against the Board of Governors of the Federal Reserve System. The suit seeks temporary and preliminary restraints that would enjoin the implementation of a specific section of the Federal Reserve Board’s Final Rule on loan originator compensation, Regulation Z; Docket No. R-1366, Truth-in-Lending.

This section, if implemented, would prohibit mortgage brokers from paying their loan officers commissions based on fees paid by the consumer. This section of the Federal Reserve Board’s Rule, as presently drafted, could cause devastating and irreparable harm to small business mortgage brokers, their loan officers and their entire staff as of the rule’s April 1, 2011 implementation date. In spite of requests from various industry trade associations and the U.S. Small Business Administration Office of Advocacy (SBA Advocacy), the Federal Reserve has turned a blind eye to the unintended consequences of this Rule and to the resulting limiting of the credit opportunities available to consumers. The Federal Reserve can avoid these effects of its arbitrary and capricious rule by withdrawing this section of the Rule and allowing the Consumer Financial Protection (CFPB) to perform its mandated responsibilities in this area.

NAMB will continue its efforts to preserve and protect the Mortgage Broker and prevent limiting credit opportunities to consumers.

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*The National Association of Mortgage Brokers (NAMB)—The Association of Mortgage Professionals, is a trade association of mortgage professionals with membership in all 50 states and the District of Columbia. NAMB provides education, certification and government affairs representation for the mortgage industry.*