

**From:** Michael Blomquist  
**Subject:** Classification of Commercial Credit Exposures

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Proposal: Interagency Proposal on the  
Classification of Commercial Credit Exposures  
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Comments:

@@@We need more regulation and over-sight to the extremely over-leveraged economy that has been created. Interest rates have been at historic lows and lending guidelines have dropped to unforgiving standards. I have been in the mortgage business for almost 14 years and the lack of guidelines may eventually bankrupt our country. There will be a point in time when foreign investors no longer view the U.S. as a safe investment.

I have seen many lenders adopt ARMs as their primary lending tool. Many of these loans allow for limited or no income documentation to qualify the borrowers. Borrowers are so afraid of missing out on homeownership and appreciation that they throw common sense out the window. After receipt of loan disclosures they convince themselves everything will be all right because the 1.25% teaser rate puts their payment at almost 1/2 of what it will eventually be.

The biggest tyrant in these practices is WAMU. Now that Bank of America and others are providing similar Option ARMS we will soon have all borrowers over-leveraged and on the verge of bankruptcy. One of the scariest components is that these ARMS are all portfolio products and could crush the banks and the FDIC along with them.

I have witnessed WAMU approvals where the borrowers actual gross income is 100% of their payments; thanks to limited doc programs. In addition I have seen WAMU lose over \$750,000 on 1 loan due to terrible policies. Our economy is based on profits, productivity and invention, but along the way the banking institutions and regulators have lost sight of the future and consequences.  
WAKE UP!!!!

Given the FED, OTS, OCC and others are supposed to protect consumers and depositors; I believe you are failing.

These comments should not be limited to 1st loans, but the lack of guidelines for equity lines and credit cards as well.

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