From: Baker <baker@pinbanc.com> on 04/04/2008 03:35:04 PM

Subject: Regulation Z

To whom it may concern,

This letter is being written on behalf of a large percentage of brokers of integrity whom deal primarily with mortgage loans.
There are decisions being made based on fear and a lack of information and understanding that will undoubtedly reek havoc on our already troubled economy.

Consumer spending power and the ability for Americans to obtain loans for homes is not only the base from which most currency flows in America, but also a major percentage of revenue for the counties of various states rooted in property taxes. Reflecting on what has happened as of late, due to unethical practices by a small percentage brokers, whom were in fact licensed to do what they did without any checks and balances by the Department of Real Estate, there has been a lack of communication with borrowers not only by the brokers but by the banks that funded these loans.

Brokers are highly trained of specific the risk adverse guidelines of the banks that are funding loans. That means if the banks allow files to be funded based on what they have asked of borrowers, there is little difference in a brokered transaction than if a consumer had walked into a retail location and processed the loan themselves. That being said, what does matter is, that banks have a certain amount of overhead to cover and those costs are included in their pricing. Mortgage brokers have the choice of passing wholesale rates to consumers which would otherwise not be available were there not an avenue or vehicle for discounting.

This diverse pricing can make or break a home purchase based on the risk assessment of a particular bank. If the debt ratio on a full documentation loan is to high for the risk assessment of a particular bank the availability of wholesale pricing can only be given if a broker is willing to waive any YSP and pass that savings onto the customer. This has been my practice for years. I believe that making sure my clients get the best possible product and rate for their particular situation is a form of healing. I have no problem disclosing what I charge because it works into the bottom line of what the client is spending to finance the home. I would very much like to volunteer to explain in detail how different scenarios are required for different households if the opportunity arises.

The eradication of stated income loans will absolutely drive the purchase market into the ground. Although the majority of Americans are wage earners, many self employed and or commissioned sales people should have the right to buy homes as well. If a commissioned sales person has a three month lull in income and then makes six figures over the next two months he or she no longer qualifies full documentation. Very few banks will take an averaged income on bank statements alone. The stated product was developed to make sure all forms of income would qualify for mortgage loans. Inflation of income is strictly forbidden and there are checks and balances within the underwriting departments to eradicate this practice.

Please take some time to look at the big picture. When our current president leaves office we will be left with trillions of dollars in debt. The highest level of debt we have been liable for in history. These are truly extraordinary times. They require extraordinary relief, not the crippling of the system that has been put in place by our governing agencies. In the past when the republicans left office, we were able to refinance our debt with foreign money allowing a correction in the markets. When we went to war and moved forward without the UN's consent, we set a new precedent for the way we are perceived internationally. It will be challenging to ask for a bail out after our behavior surrounding what has caused this crises. It is not just related to real estate. There are no new forms of income or new jobs being created for an increase in consumer spending. If there are no brokers helping navigate the complicated process of real estate finance, what will consumers do when they do not fit within the guidelines of their savings and loan? It is not likely that they will go into 10 other institutions to se if they can get approved.

There are many good reputable brokers that support not only homeowners dreams, but the banks that are looking for homeowners that fit within their risk requirements. The proposals that are being put through, if passed, might very well be the final step into not only recession but a re-visitation of 1929. No available debt. No equity. No new jobs and laws and bills being passed with out proper study of all entities that make up this great machine.

The majority of asset allocation in the US is found in the equity of homeowners real estate. If that is removed by limiting the amount of debt available to Americans our system will surely collapse. The average American income is $47,000.00 per year. After tax, net dollars into the house hold are $31,490.00 or $2624.17 per month. At a 39% debt to income ratio our available dollars for a mortgage including taxes and insurance is $1,600.75. Even with declining home values the median home price across America is $220,000.00. At a maximum loan to value of 75%, your average family has to come out of pocket $55,000.00 plus $4,400.00 for reoccurring and non reoccurring closing costs. This leaves us with a best case scenario of $59,400.00 out of pocket, a lien of $165,000.00 @ 6% on a thirty year fix with a payment of $989.26 plus taxes and insurance of an additional $320.83 per month. Total cost is $1310.09 plus our personal debt of $1023.43. This leaves our average American with $72.66 per week for savings, retirement, health insurance and food. This is a sad state of affairs.

Our nations future is in your hands.

Respectfully submitted,

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