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April 8, 2008

Jennifer J. Johnson, Secretary
Board of Governors of the
Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Docket No. R-1305, Proposed Rule to Amend Regulation Z

Dear Secretary Johnson:

The Home Defense Program of the Atlanta Legal Aid Society hereby submits the following comments in response to the request by the Board of Governors of the Federal Reserve System for public comment on proposed amendments to Regulation Z, which implements the Truth in Lending Act ("TILA") and the Home Ownership and Equity Protection Act ("HOEPA"), as published in the Federal Register (January 9, 2008 at Vol. 73, No. 6, pages 1672-1735).

For the past 19 years, the Home Defense Program of the Atlanta Legal Aid Society has provided legal advice, referrals, and legal representation to more than three thousand low- and moderate-income homeowners and home buyers who have been the targets of predatory mortgage lending practices, foreclosure rescue scams, and home purchase scams. The Home Defense Program is funded by the Atlanta Legal Aid Society; the DeKalb County, Georgia, Department of Human and Community Development with HUD community development block grant funds; West Tennessee Legal Services, Inc. with HUD housing counseling funds; and the Institute for Foreclosure Legal Assistance, a project of the Center for Responsible Lending and managed by the National Association of Consumer Advocates.

On a daily basis, we assist homeowners who have been targeted by local and national mortgage companies with abusive, predatory mortgage lending practices. We provide them with legal advice and evaluate their cases to determine whether legal claims exist. We settle some cases without litigation and litigate others. Because of our limited resources, we often assist homeowners in obtaining private attorneys to represent them in cases where the homeowners may have legal claims. Where appropriate, we also refer homeowners to local nonprofit housing counseling and other agencies which assist them in obtaining refinancing of their high-cost mortgage loans through low-cost, conventional mortgage lenders or other special programs. Many senior citizen homeowners are referred for reverse mortgages. We also participate in a range of community education efforts aimed at warning home buyers and homeowners against home equity theft scams, including abusive mortgage lending practices.

Predatory Mortgage Lending Practices

For years we have represented homeowners who have been targeted for predatory, abusive mortgage lending practices. These predatory practices have included high interest rates, high points and fees, prepayment penalties, loan flipping, binding, mandatory arbitration clauses, mortgage broker kickbacks, and shoddy and incomplete home repairs. The most abusive practice is lending without regard to the borrower's repayment ability.

Lending Without Regard to Repayment Ability

For the past seven years, above all the other lending abuses, we have seen a tremendous increase in loans made without regard to the borrower's ability to pay. For each of our clients we compare their income when they got the loan to their income now. In some cases, the homeowner has had a life event that resulted in the loss of income, such as a job lay off, divorce, disability, or death of a spouse. However, in the vast majority of our cases we learn that the client could never have afforded the loan from its inception. Furthermore, we learn that the mortgage lenders and other mortgage market participants absolutely knew (or should have known) that these clients could never have afforded these mortgage loans.

When we investigate our clients' cases, we request and review a copy of the loan file from the mortgage company. In the past few years, we have seen mortgage loan files that contain (1) no loan application; (2) loan applications that are blank as to income; (3) loan applications that show correct information about the borrower's income which amount is completely inadequate to pay the proposed mortgage payments; (4) loan applications that have obviously incorrect information about the borrower's income; and (5) instructions from the mortgage lender to the mortgage broker to obtain written verification of the source of the income but to black out the amount of the income. Thus, in recent years, the mortgage lending industry has exhibited utter disregard for the borrower's ability to pay the mortgage.

A subset of the problem of lending without regard to repayment ability is the growing number of nontraditional mortgage products push-marketed on our clients. In recent years, we have seen a substantial increase in adjustable rate mortgages (ARMs), home equity lines of credit (HELOCs), and interest-only loans. These loan products should never be offered or extended to people living on a fixed monthly income. In some cases, the underwriting for these loans may be based on the borrower's alleged ability to pay the initial monthly mortgage payments, not the monthly payments that will invariably increase after the teaser rate and/or interest only period expires. In many other cases, there is apparently no underwriting, as the borrower cannot afford even the initial monthly payments.

The consequences are tragic. Mortgage loans are made to borrowers who cannot repay them: senior and disabled homeowners living on a limited fixed income of Social Security and/or retirement or disability income, and working class people whose incomes in many cases are low, unstable, and unlikely to substantially increase. In the metropolitan Atlanta area, the targets for these abusive loans are primarily African Americans and Latino Americans. These homeowners struggle to make the monthly mortgage payments, often foregoing payment of other necessary living expenses. In many cases, they enlist relatives, employers, churches, and charities to help with the mortgage payments. Then the inevitable happens: the loans go into default and these families face the loss of their homes, their single most important asset.

Mortgage Foreclosure Crisis in Metropolitan Atlanta

In the 13-county metropolitan Atlanta area, the number of foreclosures has increased dramatically in recent years. The average number of foreclosures advertised each month in 2000 was 1,271. Between January 2005 and March 2008, the number of advertised foreclosures increased from about 3,000 to about 7,000 each month. See graph attached hereto as Exhibit A.

Large numbers of the foreclosures are loans that do not survive one or two years. In Fulton County, 1,609 mortgage loans were scheduled for foreclosure on November 6, 2007. Of that total, almost 50% were mortgage loans originated during 2006 and 2007. Similarly, for the 1,008 mortgage loans advertised in Fulton County for foreclosure on June 6, 2006, 67% of those were originated in 2004 and 2005. See charts attached hereto as Exhibits B and C. The fact that large numbers of foreclosures are loans less than one or two years old is a strong indicator that these loans were made without regard to the borrower's ability to pay.

Large numbers of the foreclosures are adjustable rate mortgages (ARMs). Of the 1,609 mortgages scheduled for the November 2007 foreclosure sale in Fulton County, 58% were ARMs. Of the ARMs scheduled for foreclosure, more than 50% were originated in 2006 and 2007, and thus would not yet have reached the typical time for the reset rate (after 24 or 36 months). Similarly, of the 1,008 mortgage loans scheduled for the June 2006 foreclosure sale in Fulton County, 55% were ARMs. Of those ARMs, 67% were originated in 2005 and thus would not have reached the typical time for the reset rate. See Exhibits B and C. Foreclosure of these ARMs long before the reset rate is yet another strong indicator that these loans were made without regard to the borrower's repayment ability.

The Secondary Mortgage Market

Driving the trend of irresponsible mortgage lending has been the system of bundling these mortgages into pools and selling to investors the securities which are collateralized by the mortgages in the loan pools. No one in the securitization process made any money until loans were closed and transferred into the pools. Thus, investment banks solicited loan originators to get loans closed quickly so that the pools could be filled and the securities issued. When originators could not find qualified borrowers for suitable loan products, they simply sought out those who were not financially qualified and made them inappropriate loans they could not afford. The pools were filled. The securities were issued and sold to investment banks, pension funds, hedge funds, and other institutional investors. For a long time, everyone involved profited, and capital flowed back to the originators for new loans. The only losers were the borrowers, who were being driven into foreclosures in greater and greater numbers.

As a result, over the past year, the securitization system began to collapse as large numbers of loans in the securitized pools defaulted. Many borrowers could not even make the first payment on their loans. In early 2007, when groups of investors with extensive holdings in these securities got wind of this, they ceased purchasing the securities, precipitating a complete collapse of the system. Mortgage originators which made the loans that defaulted were required to repurchase them. Without capital to do so, many filed for Chapter 11 Bankruptcy protection or otherwise ceased operating.

As large investors in the U.S. and around the world holding billions of dollars of these securities sought to ascertain their value, they were thwarted by the lack of transparency associated with the mortgage-backed securities system. They could not accurately assess value because they had no way of tracking the default rates of the loans in each of the mortgage backed securities pools. When asked why it is so hard to understand how the subprime mortgage crisis has triggered a financial crisis of global proportions, former U.S. Treasury Secretary Paul O'Neill answered "(i)f you had 10 bottles of water, and one bottle had poison in it, and you didn't know which one, you probably wouldn't drink out of any of the 10 bottles; that's basically what we've got there." New York Times Sunday Magazine, March 30, 2008.

The purchase of these securities has almost ground to a halt. Giant financial institutions including not just the largest investment banks in America, but also many U.S. national banks, have written down the value of their securities holdings by $150 billion or more. It has been estimated that the total losses caused by this mortgage meltdown, including the loss of homes in foreclosures and the resulting depreciation of home values nationwide, will exceed $1 trillion.

Regulation of the Mortgage Market is Critical

In order to prevent such a mortgage and foreclosure crisis in the future, regulation of the market, particularly on the ability of the borrower to pay, is critical. We are pleased to see a proposed rule addressing this problem. However, we believe the rule can and should be strengthened in several fundamental ways. First, the protections in the proposed rule should apply to all mortgage loans, including prime loans and HELOCs. Second, the pattern and practice requirement should be eliminated. Third, violation of the proposed rule should give rise to the full remedies and assignee liability available under TILA and HOEPA.

1.a.The proposed rule should apply to all mortgage loans, including prime loans.

The proposed rule provides that some of the protections would apply only to "higher priced mortgage loans." The higher priced mortgage loans would be determined by an APR trigger. The concept of an APR trigger is something that has been tried in the past at both the federal and state levels. HOEPA employs an APR trigger as well as a points and fees trigger to determine whether a mortgage loan is a "high cost mortgage loan." Prohibitions under HOEPA apply only to such high cost mortgage loans. After HOEPA was enacted in 1994, predatory mortgage lending practices continued to flourish in mortgage loans with APRs and points and fees that fell just below the HOEPA triggers.

Similarly, the Georgia Fair Lending Act ("GFLA") employs an APR trigger and points and fees trigger to determine whether a mortgage loan is a "high cost home loan." Multiple prohibitions under GFLA apply only to such high cost home loans. After GFLA was enacted in 2002 (and amended the following year), predatory mortgage lending practices continued to flourish in Georgia mortgage loans with APRs and points and fees that fell immediately below the GFLA triggers.

Both HOEPA and GFLA prohibit certain predatory lending practices but only as to mortgage loans with interest rates and/or costs that exceed a particular threshold. In the years following the enactment of these two statutes, predatory lending practices have not stopped. They continued, and even flourished. The effect of both HOEPA and GFLA was to squeeze the abusive practices into the market below the statutory triggers.

The abuses have continued unabated not only in the market immediately below the HOEPA and GFLA triggers, but in the entire market below those triggers. More specifically, such abuses have become standard in the prime market. Consider the following examples.

<u>Ms. Avonia Carson</u>

Ms. Avonia Carson is a 66-year-old African American. She has lived in her home in southeast Atlanta since 1971. Her adult son has lived with her since 2001 after an accident that rendered him blind and in need of 24-hour care. Ms. Carson also has custody of her three-year-old great-granddaughter, for whom she has been caring since birth. Ms. Carson is on a fixed monthly income of $1,160.00 from Social Security. In 2006, Wachovia Bank made her a mortgage loan she could not possibly afford. Five months later, JPMorgan Chase Bank made her a second mortgage she had no way of paying.

On June 12, 2006, Wachovia Bank, NA made Ms. Carson a mortgage loan of $135,293.00. The interest rate is a fixed rate of 6.87% and the monthly payments are $892.69 for a 30-year term. On November 17, 2006, JPMorgan Chase Bank, FSB extended to Ms. Carson a second mortgage loan of $30,000.00. The interest rate is 8.547% and the monthly payments are $372.80 for a 10-year term. Neither mortgage loan has an escrow for property taxes and insurance.

Both Wachovia and Chase made these mortgage loans without regard to Ms. Carson's ability to pay. At the time of each closing, Ms. Carson's monthly income was about $1,135. The debt-to-income ratio in the first mortgage is 78%. When the first and second mortgage payments are combined ($1,265.49), the debt-to-income ratio is 112%. Neither Wachovia nor Chase had a loan application or any documentation of Ms. Carson's income in the respective loan files. Wachovia apparently extended the first mortgage based on the value of the home ($167,000 per Wachovia's appraisal), not her ability to pay.

Neither of these mortgage loans would be prohibited under the proposed rules. The APRs for both the first and second mortgages fall below the trigger for "higher priced loans."

Ms. Josephine Reese

Ms. Josephine Reese is a 55-year-old African American. She bought her home in southwest Atlanta in 1982 and has lived there for the past 26 years. Ms. Reese is both mentally and physically disabled. She and her 15-year-old son struggle financially, as their only support is her fixed monthly income of $1,384 from Social Security disability and a pension. In October 2006, Wachovia Bank made her two mortgage loans she could never afford.

On October 13, 2006, Wachovia Bank, NA made Ms. Reese a first mortgage loan of $88,256.00. The interest rate is fixed at 6.62% and the monthly payments are $778.18 for a 15-year term. On the same day, Wachovia made her a second mortgage loan that is a $12,900.00 HELOC. The interest rate and monthly payments are unknown as Wachovia did not provide these documents to Ms. Reese. She did not know she had a second mortgage and only learned about it after she sought legal assistance and her attorneys examined the deeds filed at the county real estate record room.

Wachovia made both mortgage loans without regard to Ms. Reese's ability to pay. Ms. Reese's monthly income then was about the same as it is now ($1,384). The first mortgage payment alone of $778.18 comprises 56% of her monthly income. Although Wachovia's loan file contains no loan application, Wachovia documented her income for its loan file with a printout of Ms. Reese's Wachovia checking account history for the previous six weeks (showing direct deposits of her Social Security and pension checks). Wachovia apparently made these loans based on the value of her home ($126,000 according to the Wachovia loan officer), not her ability to pay.

Neither loan would be prohibited under the proposed rules. The APR of the first mortgage falls below the trigger for "higher priced loans." The second mortgage would be excluded as it is a home equity line of credit.

These two cases show that even the prime market has engaged in the abusive practice of lending without regard to the ability of the borrower to pay. Applying the triggers set forth in the proposed rule would not prohibit the abusive practices and would not protect long time, senior and disabled homeowners such as Ms. Carson and Ms. Reese. Any trigger requirement should be eliminated, and prime loans should be covered under the proposed rule.

1.b.The proposed rule should apply to HELOCs.

Some of the protections of the proposed rule would not apply to HELOCs. Part of the rationale set forth in the proposal is that abuses are not evident in HELOCs. Other reasons given are that HELOCs are made primarily by banks and held in portfolio such that the lender's interest would be in making sure the borrower can pay the loan. On the contrary, HELOCs are being made to seniors and disabled, long-time homeowners on a fixed monthly income without regard to repayment ability, including HELOCs made by banks and thrifts. In addition, large numbers of HELOCs are sold on the secondary market. Finally, many of these pools carry significant default rates.

Consider the data obtained on eight pools of HELOCs from 2006 and 2007. These pools include more than 80,000 HELOCs at a combined dollar volume of $5.72 billion. Where data was available, we found that a large percentage of these HELOCs were stated income loans. A number of these pools have significant delinquencies. Note that some of the originators for the HELOCs are banks and thrifts. See Exhibit D, Chart on HELOC Loan Pool Data.

More important, consider the examples provided by our clients. As shown above, Wachovia Bank extended a HELOC to Ms. Reese without regard to her ability to pay. See facts above concerning Josephine Reese and Wachovia Bank. Consider also the case of Ms. Nessia Jones.

__Ms. Nessia Jones__

Ms. Nessia Jones is a 55-year old African American who has lived in her home in

Decatur, Georgia for 27 years. Ms. Jones has received Social Security widow's benefits since 1988. Her mental and physical health is poor and requires an extensive medication regime. Ms. Jones's adult daughter who lives with her has been disabled since an infant, is profoundly mentally retarded, and suffers from seizures. In 2006, GreenPoint Mortgage Funding made her two mortgage loans that should never have been made, including a HELOC.

On October 31, 2006, GreenPoint Mortgage Funding made Ms. Jones a first mortgage of \$120,700.00. The interest rate is fixed at 8.625% and the monthly payments are \$938.79 for a 30-year term. There is no escrow for property taxes and homeowner's insurance. On the same day, GreenPoint extended Ms. Jones a \$30,100.00 HELOC. The interest rate is variable, set at prime plus 5 percentage points. Interest-only payments are \$327.80.

Ms. Jones's monthly income at closing was \$633 in Social Security. The combined monthly mortgage payments (\$1,266.59) were 200% of her monthly income. The loan application stated Ms. Jones was not employed, received Social Security disability benefits, and that her income was \$3,950 in employment income. The information on the loan application was obviously inconsistent and falsified. No one receives Social Security benefits in that amount. (The average monthly Social Security benefit for disabled workers in 2006 was \$947. The maximum retirement benefit was only \$2,053.) The lender's loan files did not include any documentation of her income. GreenPoint apparently made these mortgages based on the value of the home (\$150,900 per GreenPoint's appraisal), not her ability to pay.

The second mortgage made to Ms. Jones would not have been prohibited as it was a HELOC, and thus would be excluded from the protections of the proposed rule. Ms. Jones and Ms. Reese provide examples of HELOCs made without regard to the borrower's ability to pay. These loans and other HELOCs should never have been made. The proposed rules on ability to pay should apply equally regardless of whether the loan at issue is a HELOC. Allowing the exclusion of HELOCs would simply create a safe harbor for abusive lending practices.

In sum, with regard to coverage of the protections under the proposed rule, triggers and exclusions do not work. We are urging that the rules apply to all mortgage loans, including prime loans and HELOCs. Consistency in the application of the rules would create a level playing field for the market and provide necessary protections for all borrowers. Otherwise, the abusive practices (including lending without regard to repayment ability) will be squeezed right into the exclusions and we will be facing yet another mortgage and foreclosure crisis in the future.

2.The proposed rule should eliminate any pattern and practice requirement.

The proposal to prohibit the practice of lending without regard to repayment ability would apply only if the lender does so "in a pattern or practice." The proposed rule unfairly places the burden on the borrower of proving that the lender has engaged in a "pattern and practice" of lending without regard to repayment ability. Borrowers are in no position to easily obtain information about other mortgage loans made by a particular lender.

Consider Ms. Nessia Jones' case. The first mortgage loan GreenPoint extended to her would be considered a "higher priced loan" under the proposed rule. Clearly, the loan was made without regard to her repayment ability. However, prevailing on a claim for an ability to pay violation would require Ms. Jones to prove that GreenPoint Mortgage engaged in a "pattern and practice" of lending without regard to repayment ability - something extremely difficult to do as she could not easily obtain information about other loans involving GreenPoint.

Consider also the loans made by Wachovia Bank and Chase Bank to Ms. Carson and Ms. Reese. These loan files had no loan applications. One of the files contained documentation showing that the borrower's income was clearly insufficient to pay the mortgage. The evidence could not be more clear that these lenders made these loans with utter disregard to the borrowers' ability to pay. However, if these loans were covered by the proposed rule (and not excluded as prime loans or HELOCs), neither Ms. Carson nor Ms. Reese could prevail on an ability to pay violation unless they could prove Wachovia and/or Chase had engaged in a pattern and practice of such abuses.

In sum, we are urging that the proposed rules eliminate the pattern and practice requirement. Having such a requirement places an unfair burden on borrowers and in effect provides a safe harbor for lenders to continue engaging in the abusive practice of asset-based lending.

3.Violation of the proposed rule should give rise to the full panoply of remedies available under TILA and HOEPA, including assignee liability.

Rules without enforcement are in effect no rules at all. Rules that apply only to mortgage lenders provide no incentive for compliance when mortgage loans are sold on the secondary market at closing. Compliance with the rules - and thus meaningful improvement in the underwriting - will only take place when incentives are in place that effect the mortgage market participants, including assignees and ultimate holders of the loans. These rules need the full remedies provided under the Truth in Lending Act, including rescission, damages, and assignee liability. Understanding there may be some limits on the authority of the Federal Reserve concerning remedies, we make the following recommendations.

With regard to actual damages under 15 U.S.C. § 1640(a)(1), the supplementary information should make clear that, for substantive violations, the loan should conform to what the consumer should have gotten or the creditor should pay the difference (that is, the amount of the harm).

With regard to duties placed on servicers under the proposed rules to curb servicing abuses, the regulation should make clear that creditors and assignees are liable for violation of the rules by servicers (by adding language such as the following: "no creditor or assignee, through its servicer, shall..." to proposed rule § 226.36(d)). Servicers are agents of the original creditor (for portfolio loans) or assignee (holder or trustee for sold loans), and the creditor and/or assignee should be held responsible for the acts of the servicers and liable for the failure of the servicers to comply with the proposed rule.

With regard to assignee liability, the supplementary information should state that "apparent on the face of the disclosure" in §1641(e) means the entire loan file in the context of substantive protections, namely §§ 226.32, 226.34, 226.35, and 226.36. To the extent such statutory language may currently apply only to the Truth in Lending disclosure statement, an assignee, for example, could not determine that the lender had engaged in a pattern or practice of making loans without regard to repayment ability if it looked only at such TILA disclosure. However, an assignee should be liable for this abusive practice when it is clearly reflected on the face of other loan documents in its possession. Without assignee liability for the ability to pay rules, we will see no meaningful changes in underwriting, and exploited and abused borrowers will not be able to seek judicial redress against the very entities seeking to foreclose on and evict them from their homes.

Finally, with regard to early TILA disclosures, the proposed rules should include an amendment to § 226.23 n. 48 to define the early disclosure as a "material disclosure" for purposes of rescission in non-purchase money mortgage loans. Otherwise, creditors would have little incentive to comply with the proposed early TILA disclosure rule.

Conclusion

Again, we are pleased to see a proposed regulation that would address the abusive practice of lending without regard to the borrower's ability to pay. However, the rules will only be effective if they apply to all mortgage loans, including prime loans and HELOCs; eliminate the pattern and practice requirement that unfairly burdens homeowners who were obviously made loans they could never afford; and provide full remedies and assignee liability for substantive violations of the rules. On behalf of our clients, particularly Ms. Carson, Ms. Reese, and Ms. Jones, we thank you for your consideration of these comments.

Respectfully submitted,

Wm. J. Brennan, Jr.
William J. Brennan, Jr.

Karen E Brown
Karen E. Brown

EXHIBITS

Exhibit A: April 2008 Graph on Foreclosure Starts, 13-County Metro, Jan 2005-March 2008, prepared by Dan Immergluck, PhD, City and Regional Planning, Georgia Institute of Technology.

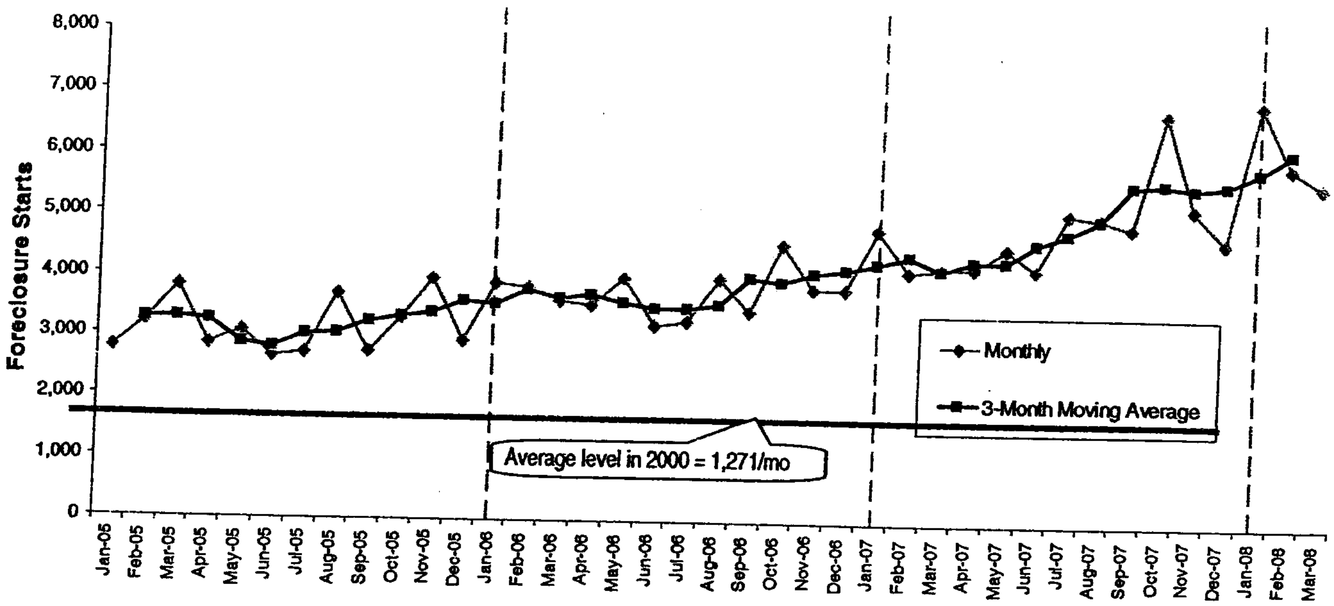
Exhibit B: Advertised Foreclosures for Fulton County, GA for Sale Date of November 6, 2007 By Year and Type of Loan.

Exhibit C: Advertised Foreclosures for Fulton County, GA for Sale Date of June 6, 2006 By Year and Type of Loan.

Exhibit D: Chart on HELOC Loan Pool Data - selected pools.

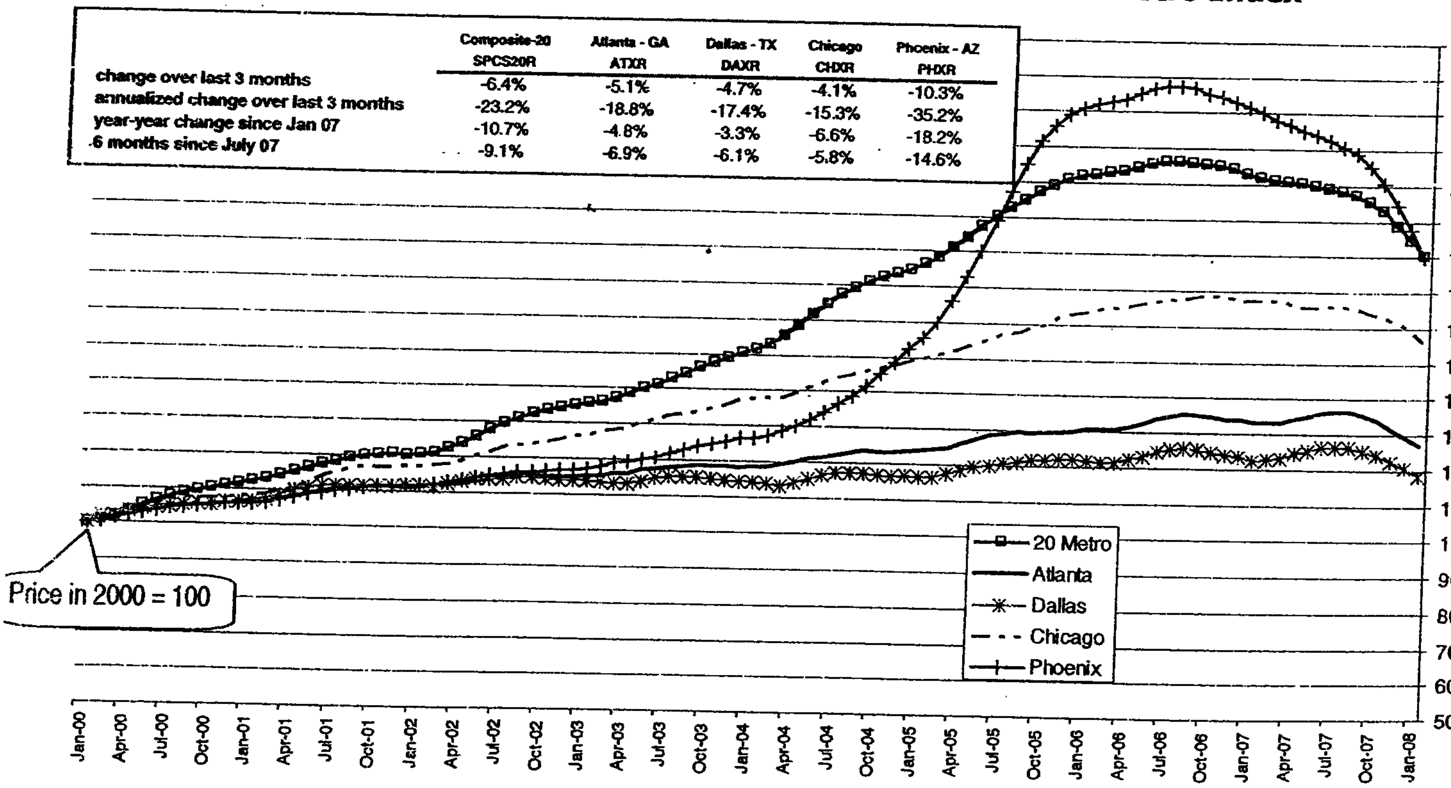
EXHIBIT A

Foreclosures Starts, 13-County Metro, Jan 2005- March, 2008



Source: EquityDepot.net

Case-Shiller Home Price Index, Select Metros and 20-Metro Index



	Composite-20 SPCS20R	Atlanta - GA ATXR	Dallas - TX DAXR	Chicago CHXR	Phoenix - AZ PHXR
change over last 3 months	-6.4%	-5.1%	-4.7%	-4.1%	-10.3%
annualized change over last 3 months	-23.2%	-18.8%	-17.4%	-15.3%	-35.2%
year-year change since Jan 07	-10.7%	-4.8%	-3.3%	-6.6%	-18.2%
6 months since July 07	-9.1%	-6.9%	-6.1%	-5.8%	-14.6%

Source: S&P Case-Shiller House Price Index

Dan Immergluck, PhD, City and Regional Planning, Georgia Institute of Technology April, 2008

EXHIBIT B

Advertised Foreclosures for Fulton County, GA
For Sale Date of November 6, 2007
By Year and Type of Loan

Year of Loan	Total Loans	Total ARMS	Total FRMS	Total Other	Total FHA	Total VA
2007	167	73	51	43	1	0
2006	611	402	145	64	10	1
2005	407	278	110	19	16	1
2004	186	111	69	6	16	0
2003	107	47	56	4	12	1
2002	48	13	33	2	8	0
Prior to 2002	83	14	66	3	24	5
Totals	1,609	938	530	141	87	8

Total number of advertised residential foreclosures was 1612. Excluded in the above data are 3 loans with inadequate information.

Other Loans include balloon mortgages with terms of less than 5 years, 2nd, 3rd, or 4th mortgages, and Lines of Credit.

Source: Atlanta Foreclosure Report, Oct. 15, 2007

Home Defense Program
Atlanta Legal Aid Society
246 Sycamore St., Suite 120
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Advertised Foreclosures for Fulton County, GA for Sale Date of June 6, 2006
By Year of Loan and Type of Loan
Source: Atlanta Foreclosure Report, Volume XX,, Number 5, May 16, 2006

Year of Loan	Total Loans	Total ARMs	Percent ARMs	Total FRMs	Percent FRMs	Total Other	Percent Other	Total Conv	Percent Conv	Total FHA	Percent FHA	Total VA	Percent VA
2005	421	284	67.45%	92	21.85%	45	10.68%	416	98.81%	5	1.19%	0	0
2004	252	176	69.84%	63	25.00%	13	5.16%	246	97.62%	5	1.99%	1	0.40%
2003	112	50	44.64%	52	46.43%	10	8.93%	103	91.96%	8	7.14%	1	0.89%
2002	70	21	30.00%	44	62.86%	5	7.14%	53	75.71%	16	22.86%	1	1.43%
Prior to 2002	153	19	12.42%	117	76.47%	17	11.11%	108	70.59%	31	20.26%	14	9.15%
Totals	1008	550	54.56%	368	36.51%	90	8.93%	926	91.86%	65	6.45%	17	1.69%

Total number of advertised residential foreclosures was 1012. Excluded were 3 loans with inadequate information or with errors. Also excluded was a 2nd mortgage originated in 2006 advertised for foreclosure.

Other Loans include 2nd mortgages, 3rd mortgages, owner financing, and ballon mortgages.
For advertised foreclosures in 2005, the largest number of other loans were balloon mortgages, many of them due in 6 months or 1 ye
For 2003 and earlier years, the larger number of other loans were 2nd and 3rd mortgages.

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EXHIBIT C

HELOC Loan Pool Data – selected pools

Loan Pool	Dollar volume	No. of HELOCs	% that are 2^{nd} or junior liens	% that are cash out/refi	% that are stated income	Performance data – delinquencies
IndyMac Home Equity Mortgage Loan Asset-Backed Trust, Series 2007-H1	$650 million	8,659 (80% originated by IndyMac Bank)	98%	80%	78%	as of August 2007: 6.18% of the 2005 HELOCs, 5.89% of the 2006 HELOCs, and 3.97% of the 2007 HELOCs.
IndyMac Home Equity Mortgage Loan Asset-Backed Trust, Series 2006-H1	$490 million	8,012 (82% originated by IndyMac Bank)	98%	63%	95%	as of August 2007, 5.23% of the 2005 HELOCs, and 10.3% of the 2006 HELOCs
CWHEQ Revolving Home Equity Loan Trust, Series 2007-E	$900 million	13,213 (59% originated by Countrywide Bank, FSB and 41% by Countrywide Home Loans, Inc.)	98%			No performance data found
CWHEQ Revolving Home Equity Loan Trust, Series 2006-E	$1.5 billion	13,325	100%			No performance data found
SACO I Mortgage-Backed Notes Trust, 2006-8	$356 million	5,282 (31% originated by American Home Mortgage, 20% by SouthStar)	99%	32%	48%	As of March 2006, 3.84%
CitiGroup HELOC Trust 2006-NCB1	$794 million	18,041 (originated by National City Bank)	95%	14% refis, 66% stand alones	28% stated income; 100% interest only	No performance data found, but Moody's issued possible downgrade watch for several tranches.
First Horizon HELOC Notes 2006-HE1	$300 million	6,043	97%	76%	35%	As of Sept 2007, 5.62%. Moody's issued possible downgrade watch.
MSCC HELOC Trust 2007-1	$846 million, of which $730 million are HELOCs	8,632, of which 7,439 are HELOCs	76% of loans in pool are 2^{nd} liens; 80% of HELOCs in pool are 2^{nd} liens			Moody's issued possible downgrade watch for a tranche.
TOTAL	**$5.72 billion**	**80,014**				

In the 3rd quarter of 2005, S&P rated 10 HELOC transactions totaling $13.553 billion. See "Trends in U.S. Residential Mortgage Products: Closed-End Seconds and HELOCs Sector, Third-Quarter 2005," Standard & Poor's, Jan. 18, 2006.

EXHIBIT D