From: "Diane Balsara" <dianebal@bellsouth.net> on 04/02/2008 02:20:03 PM

Subject: Regulation Z

Dear Sir or Madam,

I am writing to add my comments to proposed changes. I am only one year in the industry so my comments may not be as valid as others but I also have 20 prior years as a Realtor and eleven as a business owner. One of the programs that is so important to many people are the stated income programs. These have been specifically advantageous to people who own their own business or have started a business and they cannot document a full two year's income. Without these products there are many homeowner's (myself included) that would not have been able to purchase without a stated product.

These products SHOULD NOT have been used for W-2 wage earners and I think that has been part of the problem. Many business owners set up their business to pay all of their expenses and underwriting guidelines do not accommodate for some of this to be added back into their income. These people do not cheat on their taxes, they have good accountants and take advantage of what they are allowed. However, this often penalizes them when it comes to determining their actual income. W-2 people are very easily documented; they should not be able to use these programs in my view. That may be an unpopular stance among my peers but that is my take on stated programs. Change the eligibility but don't change the product; these loans had a reason and a purpose when they were instrumented.

Also, complicated loans, such as the pick-a-pay loans should require either some sort of education or should not be allowed for primary dwellings. Many homeowners got these loans not understanding what they were and were qualified at the negative am rate. I've met too many homeowners who did not have a clue as to what they were receiving, were paying the lowest negative am rate and ended up with a mortgage over their home's value. These loans are fine for investors of multiple dwelling units. Again, they have their place, change the eligibility but don't change the product.

As for up front disclosures this will add to the cost of doing business. You cannot lock a loan until it's been submitted and approved. If I take an application, submit the loan to underwriting, and rates increase before it can be locked I can end up owing the lender money. More disclosure is needed but please be careful the changes and how stringent these requirements become. Many of your proposals are going to be adding to the cost of getting a mortgage. It will simply be made up in rates in the end and again the poor consumer will become poorer.

Those of us who conduct their business with integrity are paying for those who don't. There needs to be safeguards but good common sense needs to prevail These loans have their place. Many of the proposed changes and regulations are throwing the baby out with the bathwater. The housing industry is already on it's knees; don't put us in a position where we cannot make a living. Our job market cannot absorb the out of work/income Realtors, mortgage brokers and construction workers. Every change you make could break these industries even more.

You also need to factor in the effect that the insurance and property taxes have had on the foreclosure rate. I know several that were fine until all the taxes and insurance increased by $300-400 a month. Everyone is blaming the mortgage industry while our towns and our cities and counties and states have tripled their budgets over the past five years. Where is their accountability for all of this? In 2002 less than four months of rental income from my properties paid for taxes and insurance. In 2007 it took almost six months of rental income to pay taxes and insurance. I cannot afford health insurance, windstorm insurance and am trying to scrape funds to pay the last of my property taxes while the government workers whose salaries I fund enjoy fully vested 401k's and retirement plans, wages that exceed private industry equivalance by at least 20%, vacation/sick time and perks that exceeds private industry and that is for entry level positions. I know I will never be able to retire due to the financial beating over these past two years. I'm very angry at my government on a national and local level. Please don't make things worse.

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