From: "Steven Sharpe" <srsharpe@gmail.com> on 03/29/2006 09:25:03 PM

Subject: Interagency Guidance on Nontraditional Mortgage Products

March 29, 2006

Comments of Steven Sharpe to

Office of the Comptroller of the Currency
Docket No. 05-21

Office of Thrift Supervisio
No. 2005-56

Federal Reserve System
Docket No. OP-1246

Federal Deposit Insurance Corporation

National Credit Union Administration

RE: Interagency Guidance on Nontraditional Mortgage Products, 70 Fed. Reg. 77249 (December 29, 2005)

I write in support of the comments submitted by the National Consumer Law Center ("NCLC") and the National Association of Consumer Advocates ("NACA").* Before briefly outlining my specific points of agreement with the NCLC and NACA, I would like to applaud the agencies' willingness to discuss non-traditional mortgage products. I hope that increased public discussion of non-traditional mortgages will cause lenders and borrowers to start fully assessing the risks involved with these products. Nonetheless, as my statements below suggest, a stronger regulatory framework is needed.

First, I believe the agency should strengthen the guidance by giving consumers the right to enforce it. Borrowers can suffer real harm when lenders make loans without following the standards set forth in the Guidance. Injured borrowers should have the ability to enforce these standards, not only against depository institutions, but also against other types of lenders as well. I agree with the NCLC and NACA that these regulations should have greater teeth.

Second, I agree with the NCLC and NACA that lenders should always require a verification of income. Such documentation is generally not difficult for borrowers to obtain. This simple step can have great benefits. Income verification protects less sophisticated borrowers from the broker fraud that often occurs at the application stage.

It can prevent these borrowers from entering into loans that they cannot afford.

Finally, I strongly believe that regulatory agencies must take a more expansive view of the risks that borrowers take when they enter into "creative" financing schemes. The economic analysis used in creating a regulatory framework must be flexible enough to consider the hard-to-quantify interests homeowners have with respect to their property. No analysis of risk is complete without such considerations.

I would like to thank you for giving me the chance to comment on this important issue. My home state of Indiana is among the worst in the country in terms of mortgage foreclosure and default. I believe stronger regulation of non-traditional mortgage products will help cure this problem.

Sincerely,

Steven Sharpe
Attorney at Law
Indiana Legal Services, Inc.

* The views expressed in this letter are my own - I am not speaking in any representative capacity. Specifically, I am not speaking on behalf of my employer, Indiana Legal Services, Inc.