Date:	Aug 10, 2007
Proposal:	Home Equity Lending Market
Document ID:	OP-1288
Document Version:	1
Release Date:	05/29/2007
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Comments:
Dear Federal Reserve Board Chairman Bernanke, As a 21 year veteran of the mortgage industry I am horrified at what is happening to homeowners that are suffering the loss of their homes due to foreclosure. Industry estimates of a few million foreclosures are well understated in my thinking. While the banking regulators intentions through these new guidelines are to protect consumers, some of these new guidelines will have grave unintended consequences, further victimizing existing homeowners. Foreclosures will multiply and compound, causing millions more families to lose their homes. Please consider history. Around the 1929 stock market crash, credit was tightened contributing to the Depression. Today, the mortgage markets are in a horrible state of flux with a lack of available capital. Banks must obey these newly issued guidelines from banking regulators for fear of legal repercussions or inference of law--meaning defending themselves in class-action lawsuits. This amounts to a further credit crunch and effectively, making a bad problem worse. While new standards in purchase financing will protect consumers and lenders from underqualified borrowers getting in over their heads, we have a difficult dilemma for existing borrowers that are already in over their heads with no sensible solution, nor warning, to avoid being out on the streets. I suggest regulators amend the guidelines to allow "stated income" and "low doc" loans for those borrowers that cannot refinance into "full doc" loans. This should be a once-only allowance, putting these borrowers on notice that this is the only moratorium. Mr. Bernanke, with all due respect to you and to this country that I care deeply about, if regulators don't temporarily back-off on these swift and drastic changes, history will blame you for worsening this credit crisis. Respectfully, Jeffrey M. Lazerson, President Mortgage Grader