May 7, 2007

VIA ELECTRONIC MAIL

Jennifer J. Johnson
Secretary
Board of Governors of the
Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
Docket No. OP-1278

Office of the Comptroller of the Currency
250 E Street, SW
Mail Stop 1-5
Washington, DC 20219
Docket No. OCC–2007–0005

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552
Docket No. 2007–09

Ms. Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429
Attention: Comments

Dear Sir or Madam:

The National Association of Mortgage Brokers ("NAMB") appreciates the opportunity to submit the following comments in response to the notice and request for comment published jointly by the Office of the Comptroller of the Currency ("OCC"), Board of Governors of the Federal Reserve System ("Board"), Federal Deposit Insurance Corporation ("FDIC"), Office of Thrift Supervision ("OTS"), and the National Credit Union Administration ("NCUA") (together, the "Agencies") on the Proposed Statement on Subprime Mortgage Lending ("Proposed Statement"), 72 Fed. Reg. 10533 (March, 8, 2007).

Mortgage brokers play a critical role in helping the American economy and in making the dream of homeownership a reality for American families. Today, mortgage brokers originate a majority of all home loans, and remain the preferred distribution channel for countless homebuyers. NAMB is the only national trade association exclusively devoted to representing the mortgage brokerage industry, and NAMB speaks on behalf of more than 25,000 members in all 50 states and the District of Columbia. Our members are typically small business men and women, who act as independent contractors and serve as the principal conduit for delivering loan products, developed by state and federally-regulated lenders, directly to consumers.

Though our members are not specifically regulated by the Agencies, NAMB appreciates this opportunity to comment on the Proposed Statement. Because our members work directly with consumers, we believe that our comments offer valuable insight and perspective, particularly in the area of consumer protection. To the extent the Proposed Statement addresses concerns relating to safety and soundness, we offer limited comment, but we believe strongly in the maintenance of a free mortgage marketplace that welcomes product innovation and ensures product availability.

Introduction

NAMB supports the fundamental principles underlying many aspects of the Proposed Statement, but we are concerned about certain unintended consequences that could adversely affect some of the same consumers this statement aims to protect. For example, NAMB wholeheartedly agrees that borrowers should not qualify for a loan that they are unable to repay; however, we believe that qualifying borrowers at the fully-indexed, fully-amortizing rate will unnecessarily restrict consumer access to the credit markets. NAMB also supports the Agencies' desire to provide borrowers with clear and accurate information that will enable them to understand the features, risks, and benefits of individual loan products; however, such information will only benefit consumers if it is provided consistently and across all distribution channels.

Because of the increasingly innovative and complex options available to borrowers today, particularly within the sub-prime market, NAMB believes it is imperative that any guidance contemplated by the Agencies address the need for: (1) increased product availability and innovation; (2) effective disclosure of the material terms, costs, risks, and benefits of individual loan products; (3) national minimum standards for education and criminal background checks for *all* mortgage originators, regardless of the distribution channel; and (4) preservation of the borrower's role as decision-maker in a loan transaction.

Background Information

There is no definition of sub-prime lending that is uniformly accepted by government or the mortgage industry, and the term has come to embody a number of unenviable connotations. For example, many have chosen to draw an analogy between sub-prime lending and predatory lending, to the extent that sub-prime and predatory lending have become virtually synonymous terms. Not only is such an analogy patently false and misleading, it works to subvert good-faith efforts by industry leaders and lawmakers to combat real instances of predatory lending and preserve and expand consumers' access to the credit markets. Additionally, the term sub-prime implies that a borrower, loan product, or segment of the mortgage market is less than top quality. Such an implication unfairly stigmatizes any and all borrowers who, for whatever reason, are unable or unwilling to procure mortgage financing under the terms and conditions set by the prime market. It is true that the sub-prime market originally developed as a means for borrowers who could not otherwise qualify for a mortgage to obtain financing, however, in today's market, borrowers who possess excellent credit may nevertheless choose a sub-prime loan product because it has particular features that are available only in the sub-prime market.

NAMB believes that the term sub-prime fails to fairly and adequately describe the realities of today's mortgage market. We feel strongly that the term "non-prime" offers a more complete and accurate description of the products and participants in this particular segment of the today's market. As such, NAMB has resolved to use the term non-prime and we encourage the Agencies to adopt and use this term as well.

Institutional Safety & Soundness

Because our members are not directly regulated by the Agencies, and the mortgage broker business model does not involve product development or underwriting, we will refrain from commenting on any specific elements of the Proposed Statement that relate to the safety and soundness of regulated entities. When issuing a finalized statement however, we urge the Agencies to maintain a free and open marketplace that encourages product innovation and ensures the availability of low cost mortgage financing options.

Any attempt to control product design, innovation, or availability could lead to unintended consequences that have an adverse affect on consumers. Innovative loan products, like so-called “hybrid” ARMs (2/28s and 3/27s), have enhanced consumer choice and increased competition in the marketplace, making mortgage credit more affordable. Product innovation in the non-prime market has also played a critical role in enabling millions of Americans to achieve their dreams of homeownership.

NAMB believes that the development of beneficial and innovative mortgage products is the direct result of the market freedom that regulated entities have enjoyed to identify consumer needs and develop new products to meet those needs. Any government suppression of this market freedom, whether in the area of product development, underwriting, pricing, or compensation, will cripple the ability of the marketplace to adequately respond to consumers’ needs in the future.

We caution the Agencies against instituting any guidance that will effectively remove viable and beneficial loan products from the marketplace, especially if such guidance does not apply across all distribution channels. The Proposed Statement seeks to impose overly restrictive underwriting guidelines on regulated entities, namely, qualifying borrowers based upon their ability to repay the debt by its final maturity, at the fully indexed rate, assuming a fully amortizing repayment schedule. This will force lenders to qualify borrowers under the “worst case scenario” for their chosen loan product, even if the likelihood of such scenario occurring is virtually nonexistent. Imposing such restrictive qualifying and underwriting standards on borrowers and regulated entities, even through guidance, risks harming the robust housing industry and denying deserving consumers a chance at homeownership. Moreover, because a large segment of the population already has non-prime ARM loans, restrictive guidelines that limit the availability of these products or make it unreasonably difficult for borrowers to qualify will only lead to increased defaults and foreclosures, because borrowers who are planning to refinance their existing loans may find they are unable to do so. The real solution to helping current and future borrowers avoid payment shock or default upon their first interest rate adjustment is greater product availability, coupled with adequate notice and loan-specific disclosure of critical information (*i.e.*, the actual rate and payment adjustments a borrower could face under a “worst case scenario”).

All loan products present some degree of risk; so rather than implementing broad and restrictive measures designed to eliminate risk, the Agencies should strive to educate and empower lenders and consumers to manage their risk more effectively. We have already begun to see consumers and lending institutions become more knowledgeable and cautious when it comes to choosing, creating, and offering loan products. Because these non-prime participants are independently adjusting to the changing market conditions, NAMB urges the Agencies to exercise restraint when considering any guidance or regulation that might adversely affect product availability and consumers’ access to affordable credit.

Consumer Protection Principles

Non-prime loan products play an important role in today’s mortgage market and provide an array of benefits to borrowers, especially those borrowers who only a few years ago were locked out of the mortgage market entirely. The emergence of non-prime loan products has enabled this country to achieve its near record rate of homeownership and has helped countless Americans realize their individual dreams of homeownership. Additionally, these products routinely help borrowers successfully purchase or refinance their home, consolidate high-interest debt, build or rebuild their credit history, finance education or home improvements, start a business, or manage unexpected family emergencies.

Despite the countless borrowers who have benefited from the availability of non-prime loan products, the current turmoil in the mortgage market illustrates that there are problems that need to be addressed. One such problem is the adequacy and effectiveness of current disclosures, outlining the features, risks, benefits, and costs of non-prime ARMs. Other problems may arise whenever the features, risks, and benefits of these products are exaggerated or misrepresented by a loan originator, or the information is misunderstood or simply disregarded by the consumer.

NAMB believes that there are several keys to successfully protecting consumers and maintaining efficiency and freedom in the mortgage markets. First, the material terms, risks, benefits, and costs of individual loan products must be clearly, accurately, and timely disclosed to borrowers, in order to prevent payment shock and stem the rising tide of defaults and foreclosures. Next, national minimum standards must be established, requiring continuing education and criminal background checks for *all* mortgage originators. Third, the role and responsibility of the borrower as the decision-maker in a loan transaction must be preserved. Finally, additional regulatory guidance should be considered by the Agencies to address specific advertising, marketing, and promotional activities that may run afoul of §5 of the Federal Trade Commission Act, prohibiting Unfair and Deceptive Acts or Practices ("UDAP").

Uniform Loan-Specific Disclosures

Current disclosures have failed to keep pace with market innovations, particularly in the area of non-prime ARMs. Consumers are not being given the tools needed to effectively shop for a mortgage in a market that is offering increasingly innovative and complex options. This is why NAMB believes it is necessary to create a loan-specific payment disclosure that will: (1) educate consumers about the specific loan product being considered and/or chosen, and (2) enable consumers to comparison shop and ultimately exercise an informed and independent choice regarding a particular loan product.

There is currently no loan-specific disclosure given to borrowers that effectively communicates the variability of the interest rate and monthly payments for particular ARM products. As a result, some borrowers are choosing loan products without really understanding how much or how often their interest rate and payments can fluctuate. This leaves consumers open to confusion, unable to meaningfully comparison shop, and susceptible to "payment shock."

NAMB recognizes that there is a critical need for a uniform loan-specific disclosure, and that such a disclosure must be required across *all* distribution channels if it is to be effective. A model loan-specific disclosure form should clearly and concisely outline the material terms (*i.e.*, actual rate and payment adjustments under a "worst case scenario") of specific ARM products that a consumer is considering. We believe this information, when clearly and accurately disclosed to the borrower, minimizes the risk of consumer surprise or "payment shock" at subsequent interest rate adjustments.

NAMB strongly encourages the Agencies to adopt a model loan-specific disclosure form and require *all* loan originators to provide this form to consumers, regardless of loan-product type. We believe such a mandate can and should be accomplished through regulation, in order to speed its implementation and ensure its application across all distribution channels. Specifically, we believe a loan-specific disclosure can be required early in the loan shopping stage through RESPA, Regulation X (*e.g.,* it can accompany the initial Good Faith Estimate); and an additional loan-specific disclosure can be required at closing through the Truth In Lending Act, Regulation Z. As with any disclosure, NAMB strongly believes that a loan-specific disclosure should be consumer tested by an independent third-party or government agency prior to requiring that all mortgage originators provide this form to their customers.

Minimum National Standards for All Mortgage Originators

In addition to the loan-specific disclosure form, NAMB believes it is imperative to establish national minimum standards for continuing education and criminal background checks for *all* mortgage originators. It is critically important for every mortgage originator, regardless of the distribution channel, to understand

and be able to explain the features, risks, and benefits posed by particular loan products; and to be able to assist consumers in using the loan-specific disclosure form to comparison shop and ultimately make a free and informed choice regarding a particular mortgage product.

It has been suggested by some that requiring minimum standards for all loan originators is unnecessary. We strongly disagree. Mortgage brokers, mortgage bankers, lenders, credit unions, and depository institutions are all competing distribution channels that deliver mortgage products directly to consumers. The lines which had once divided these distribution channels have blurred with the proliferation of the secondary mortgage market. Today, there are very few substantive differences between mortgage distribution channels when it comes to originating loans. Consumers routinely turn to brokers, bankers, and loan officers at depository institutions for their mortgages without drawing any real distinction between them. Where distinctions are still drawn is in the law and regulations governing the mortgage originators who work for these competing distribution channels.

Currently, forty-eight states and the District of Columbia require mortgage broker companies to obtain a license before they are permitted originate loans.[1] This is compared to forty-three states and the District of Columbia, which impose licensing requirements on mortgage lenders. Thirty-one states require individual loan originators to be licensed or registered with the state if they work for a mortgage broker, but a mere fourteen states require the same for loan originators employed by lenders. There is a similar patchwork of state laws and regulations addressing continuing education and criminal background checks for loan originators.

Many states are increasing these and other requirements for mortgage brokers and their employees, while at the same time exempting the loan officers of lenders and state-chartered depository institutions from similar screening requirements. The Office of the Comptroller of the Currency has long exempted federally-chartered depository institutions from any state licensing requirements, and the U.S. Supreme Court recently ensured that state-chartered subsidiaries of these institutions will enjoy exempt status as well. If consumers are ever going to receive real protection, and not just the illusion of protection, then they must be able to freely and confidently choose any loan originator, knowing that *all* originators are required to meet the same minimum standards for education and personal conduct, and that they are qualified to answer important questions and be trusted with personal financial information.

Since 2002, NAMB has been the only industry leader that has consistently advocated for a national minimum standard mandating continuing education and criminal background checks for *all* mortgage originators. The education of each and every mortgage originator helps ensure that consumers will receive accurate and consistent product information, while universal criminal background checks will prevent bad actors from entering or remaining in the mortgage origination industry. The application of these minimum professional standards to *all* originators will create a mortgage market where consumers are free to shop and compare mortgage products and pricing across different distribution channels without fear or confusion.

The Role of the Consumer as Decision Maker

It has been suggested by some that mortgage brokers serve as the agents of the borrowers or the lenders with whom they do business, however, such an assertion is plainly inaccurate. Mortgage brokers are not the exclusive agents of the lender or the borrower. A typical mortgage broker will maintain contractual relationships with multiple lenders, in an effort to provide borrowers with an opportunity to choose from a variety of loan products with different features and costs; however, not every mortgage broker will offer the same selection of loan products or maintain relationships with every lender. Moreover, a single mortgage company can function as either a lender or a broker, depending upon the nature of the mortgage transaction;

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[1] The state of Colorado requires mortgage brokers to register with the Department of Real Estate, and the state of Alaska does not currently regulate mortgage lending or mortgage brokering.

and the nature of an individual transaction can change during the course of the application period. As a result, it is impossible for mortgage brokers to function as the exclusive agent for either the borrowers or lenders with whom they do business.

It has also been suggested that all mortgage originators should be subject to a suitability standard when originating loans for consumers, but this concept has not been adequately defined in the mortgage context. An ill-defined or vaguely worded suitability standard will only introduce greater subjectivity into the mortgage loan origination process, which should be incorporating mostly, if not exclusively, objective factors.

Consumers must retain the exclusive role of decision maker in mortgage transactions. Selecting a mortgage is a very personal choice, and *only* the consumer can determine whether a particular loan product is "suitable" for his or her financial needs and goals, or if it might be in his or her "best" interest to continue shopping. No mortgage originator, company, bank, investor, or government agency should ever superimpose or be required to superimpose its own judgment for that of the consumer. Consumers currently enjoy the freedom and responsibility to choose their own mortgage products, take advantage of the competitive marketplace, shop, compare, ask questions, and expect answers. No law or regulation should ever take away consumers' freedom to decide for themselves what is or is not a valuable loan product.

Additional UDAP Guidance

NAMB opposes any business practice that fails to comply with or attempts to circumvent existing laws or regulations aimed at protecting consumer choice and preserving a free and competitive mortgage marketplace. With the growing predominance of web-based product and service providers, alternative advertising media, and the popularity of the affiliated business arrangement model, we are concerned that consumers could face increasingly deceptive, confusing, and coercive marketing strategies by certain industry participants. Consumers must remain free to meaningfully comparison shop and choose a mortgage product or settlement service provider that they are comfortable with. We urge the Agencies to consider issuing additional guidance, outlining the appropriate parameters within which industry participants may advertise, market, and promote their products and/or services to consumers, without running afoul of UDAP.

Specific Questions Regarding the Proposed Statement

Question #1 – The proposed qualification standards are likely to result in fewer borrowers qualifying for the type of sub-prime loans addressed in this Statement, with no guarantee that such borrowers will qualify for alternative loans in the same amount. Do such loans always present inappropriate risks to lenders or borrowers that should be discouraged, or alternatively, when and under what circumstances are they appropriate?

ARMs generally, and the so-called "hybrid" ARMs specifically, play an important role in the non-prime mortgage market, and therefore these products should not be discouraged. Non-prime ARMs afford many borrowers access to credit that would otherwise be unavailable to them. Such loans also routinely help borrowers successfully purchase or refinance their home, consolidate high-interest debt, build or rebuild their credit history, finance education or home improvements, start a business, or manage unexpected family emergencies. In these and other circumstances, borrowers can benefit from the products offered in the non-prime ARM market, especially if the borrower has experienced difficulty obtaining other financing.

ARM loans are designed for borrowers who desire a lower interest rate and lower monthly payments early in the term of the loan. The initial interest rate on ARMs is typically below the rate charged on comparable fixed-rate products. The lower initial rate affords many non-prime borrowers the opportunity to enjoy the benefits of homeownership while they work to improve their credit or income position, in order to later qualify for a loan at a prime lending rate.

It is true that any borrower who chooses an ARM product with the anticipation of refinancing at or before the end of the initial fixed-rate term assumes a degree of risk, because, for one reason or another, they may be unable to refinance the loan. This risk is inherent in all adjustable-rate mortgages, and is certainly not exclusive to the non-prime market. Although this risk may discourage some borrowers from selecting certain ARM products, the products themselves should not be discouraged because they remain a vital financial planning tool for many consumers. NAMB cautions the Agencies against taking a one size fits all approach to regulation, and we oppose any effort to restrict product design or implement firm underwriting guidelines that will limit product availability.

Question #2 – Will the proposed Statement unduly restrict the ability of existing sub-prime borrowers to refinance their loans and avoid payment shock? The Agencies also are specifically interested in the availability of mortgage products that would not present the risk of payment shock.

NAMB is very concerned that certain aspects of the Proposed Statement will unduly restrict the ability of current non-prime borrowers to refinance their ARMs and avoid payment shock at their first rate adjustment. A large segment of the population already has these loans, and imposing restrictive guidelines that limit product availability or make it unreasonably difficult for borrowers to qualify will only increase the likelihood of default and foreclosure. Current borrowers will find it exceedingly difficult, and in some cases impossible to refinance their existing loan, and countless future borrowers will be locked-out of the mortgage market entirely.

The Proposed Statement seeks to require institutions to analyze a borrower's repayment capacity based upon the borrower's ability to repay the debt by its final maturity, at the fully indexed rate, assuming a fully amortizing repayment schedule. Such a requirement forces lenders to qualify borrowers under the "worst case scenario" for loan products that fall within the scope of the guidance, even if the likelihood of such a scenario occurring is virtually nonexistent.

NAMB is opposed to requiring borrowers to qualify using a fully indexed rate, because doing so could place the robust housing industry at risk and prevent countless borrowers from being able to refinance their existing ARM loans and avoid payment shock. We believe it is the role of the Agencies to ensure safety and soundness, not guide or regulate product design or underwriting standards. NAMB supports qualifying borrowers at less than the fully indexed rate, and encourages the development of an industry standard that calls for consideration of certain compensating factors when qualifying borrowers at such a rate.

The Agencies must remain mindful of the fact that all loan products present some degree of risk. Rather than implementing broad and restrictive measures designed to eliminate risk, the Agencies should strive to educate and empower lenders and consumers to manage risk more effectively.

One way to manage risk more effectively and significantly reduce borrowers' risk of payment shock is for the Agencies to encourage lenders to create, and make available in the marketplace, loan products that feature reasonable rate caps for the initial adjustment period, interim adjustments, and life of the loan. NAMB believes that a key to helping current and future borrowers avoid payment shock is greater product availability, and we support efforts to encourage innovative product design and development.

Another tool that could be used to manage risk more effectively is an escrow account for taxes and insurance for non-prime borrowers with a loan-to-value ("LTV") exceeding 80%. Because it is important for borrowers to be able to afford the added costs of property taxes and insurance when purchasing a loan product, NAMB would support an industry-driven effort to require escrow accounts for all non-prime first lien mortgages with a LTV exceeding 80%. We believe it may be proper for the Agencies to encourage lenders to consider escrow accounts for non-prime borrowers, but we do not feel it is appropriate for the Agencies to mandate such a requirement.

Question #3 – Should the principles of this proposed Statement be applied beyond the sub-prime ARM market?

NAMB believes it would be inappropriate to apply the principles of the Proposed Statement beyond the non-prime ARM market. By the Agencies' own definition, non-prime borrowers typically have weakened credit histories and/or a reduced repayment capacity, presenting a higher risk of default than prime borrowers.[2] Moreover, within the non-prime market, many of the product features and risks addressed by the Proposed Statement are unique to ARM loans, necessarily limiting the applicability of the Proposed Statement to that particular subsection of the market.

In 1999 and 2001, the Agencies issued guidance on non-prime mortgage lending, and NAMB believes that any expansion of the Proposed Statement would be unnecessary and duplicative in light of this earlier guidance. The previous guidance on non-prime lending adequately addresses the issues of risk management, institutional control systems, supervisory review, abusive lending practices, and consumer protection. The Proposed Statement attempts to address particular concerns related to non-prime ARM products, and NAMB believes that the interests of the Agencies and consumers will best be served by limiting the application of this Statement to those products.

Question #4 – We seek comment on the practice of institutions that limit prepayment penalties to the initial fixed-rate period. Additionally, we seek comment on how this practice, if adopted, would assist consumers and impact institutions, by providing borrowers with a timely opportunity to determine appropriate actions relating to their mortgages. We also seek comment on whether an institution's limiting of the expiration of prepayment penalties such that they occur within the final 90 days of the fixed-rate period is a practice that would help meet borrower needs.

ARMs are valuable loan products for many borrowers because they generally offer consumers greater choice, a lower initial rate, and more flexible monthly payment options than the fixed-rate loan products that are available. To counterbalance this lower initial interest rate, however, lenders typically require borrowers to remain in the loan for a period of two or three years, or compensate the lender for the reduced rate by paying a prepayment penalty.

NAMB believes that whenever a prepayment penalty is attached to a loan it should be clearly and adequately disclosed to the borrower in writing, both at the time of application and again at closing. Borrowers should be made specifically aware of the prepayment penalty and its material terms and conditions. An adequate disclosure of prepayment penalty terms must include the cost of the penalty and its expiration date. Such a disclosure should be signed or initialed by the borrower, to signify the importance of the information being disclosed and afford the borrower the opportunity to ask questions, demand answers, and minimize the chances for confusion or misunderstanding.

NAMB also believes that consumers' could benefit from a prepayment penalty period that is limited to the initial fixed-rate term of the loan. We applaud those lenders who have already taken steps to ensure that prepayment penalty periods will mirror this initial term, and we believe the marketplace will work to eliminate any remaining products with prepayment penalty periods extending beyond an ARMs first rate adjustment. We fail to see a need to further limit prepayment penalty periods by establishing expiration dates within the final ninety days prior to this first rate adjustment. An established expiration date that corresponds with the initial adjustment of an ARM loan is not unreasonable, so long as the borrower is clearly informed of that expiration date at the time of application and again at closing. Borrowers need not wait until their prepayment penalty period expires to begin shopping and comparing refinancing options;

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[2] Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of Thrift Supervision, *Expanded Guidance for Subprime Lending Programs* (2001).

however, we believe in increasing consumer choice and product availability, and therefore we would support the introduction of new loan products to the marketplace that incorporate the early expiration of prepayment penalties.

NAMB cautions the Agencies against attempting to regulate specific product design, development, or features, because doing so can lead to unintended consequences. Imposing unreasonable or unnecessary restrictions on lenders' ability to set low initial rates by charging prepayment penalties will not protect or further the interests of non-prime ARM borrowers. The market will adjust to any new guidelines that are imposed and borrowers could face higher initial interest rates in order to compensate for the restrictions placed on prepayment penalties. Countless borrowers who rely upon the low initial ARM rates to repair their credit, improve their financial situation, and make their dreams of homeownership a reality may find themselves left out in the cold if the cost of credit is driven up by the regulation of specific product features that help keep home financing affordable.

Conclusion

Expanding consumer knowledge and awareness, not restricting consumer choice, should be the goal of any proposed statement, guidance, regulation, or legislation. Lenders must remain free to develop new and innovative product designs, which can adapt to meet the ever-changing needs of today's borrowers; and consumers must retain the right and responsibility to choose a mortgage product that meets their individual financial needs and goals.

NAMB supports the fundamental principles underlying many aspects of the Proposed Statement, and believes that these important principles should be applied across the entire mortgage market, not just to those entities regulated by the Agencies. The consistent, fair, and even application of meaningful guidance across all distribution channels will help create a mortgage market where consumers are free to shop and compare mortgage products and pricing without fear or confusion. To that end, we support expanding the Proposed Statement, once finalized, to apply to all market participants, whether federally or state-regulated, so long as the principles embodied in the Proposed Statement are applied equally and in the same fashion to *all* mortgage originators.

NAMB appreciates the opportunity to comment on the Proposed Statement on Subprime Mortgage Lending. If you have any questions, please feel free to contact Roy DeLoach, Executive Vice President at (703) 342-5850, or Nikita Pastor, Senior Counsel, Public Policy & Government Affairs at (703) 342-5851.

Respectfully Submitted,

Harry H. Dinham

Harry H. Dinham, CMC
President of NAMB