

From: "NRL22" <nrl22@earthlink.net> on 06/15/2007 07:25:17 AM

Subject: HOEPA

The Federal Reserve needs to protect the country's economy and vulnerable citizens from predatory lending in the subprime market.

I have a friend who does not read Enlighs has suffered tremendously from a case that was repeated all over the nation. Consider this case:

1. A thug posing as a friend convinced my friend to buy his house.
2. They got an appraiser to overlook the rotting roof, rotting kitchen. The appraiser added rooms to the house on the appraisal, took off rooms from the comps, etc. so that the appraisal price was overly inflated.
3. The seller's mortgage lender friend did the application, doubling my friend's income on the loan application. As a no doc loan, no one checked it. The lender was rewarded for his efforts with \$10K POC, extra money to the lender for selling the victim a bad mortgage he can't afford.
4. The seller took out a second mortgage on the house 6 wks prior to closing, but their friendly title company did not identify it. When my friend tried to sell the house to get out of the bad subprime mortgage, he couldn't because he did not have a clean title. It appears that the seller and his friends were waiting for my friend to foreclose so they could make even more money.
4. When we notified Chase immediately, Chase would not do anything to help.

This story shows the need for checks and balances.

1. Eliminate no document loans. At least the income tax report should be used. No doc loans, with incentive pay for subprime mortgage paid to the mortgage broker, encourage victimizing the poor and the vulnerable. There needs to be a systems of checks and balances that protect the consumer. That way we will protect the national economy.
2. Eliminate prepayment penalties. These trap borrowers in bad loans and are unfair.
3. Prohibit no escrows in the subprime market. These are presented to borrowers as the totally monthly amt and unknowing borrowers get hit with taxes and insurance on top of their bad mortgage.
4. Penalize the mortgage brokers and the lenders who lend to people who cannot afford it. Do not answer this problem with more paper that victims cannot understand. Put the responsibility on the lending industry to be responsible and enforce that responsibility with severe sanctions.
5. Train local police on economic crimes related to unfair lending practices and related fraud.
6. Have an easy, consumer friendly place for victims to get help. Finding help is almost impossible. Support organizations like ACORN and Center for Responsible Lending which can reach vulnerable victims. The federal office for complaints against banks is too bureacratic for many victims to understand. Local authorities and state consumer help lines do not help with such problems and it gets lost between state and federal jurisdictions.

Thanks.

Nancy Rudner
Maitland, Florida

