**From:** "Joe Sloboda" <jsloboda@hgmortgage.net> on 03/27/2008 11:45:12 AM

**Subject:** Regulation Z

Dear Sirs,

I am writing in response to the proposed changes to the mortgage industry that are being outlined in docket# R-1305

I am finding it very difficult to express in words how fundamentally wrong and unfair these proposed changes will be

- A new category of "higher-cost" loans, which will eliminate stated and no-doc loans under any circumstance. While I can see that this appears on the surface to be the right thing to do, what about all of the legitimately Self Employed borrowers who through legal means reduce their taxable incomes on their annual returns that will now NOT be able to qualify for a loan. These are quality borrowers who pay their bills and have the ABILITY to pay the loan obligation that will now be eliminated from the pool of potential buyers making a correction to the real estate devastation nearly impossible.

- New APR triggers of 3% (1st mortgages) and 5% (subordinate mortgages) above the 10-year U.S. Treasury . Initiating this change would make just about every loan in my local South Florida market classified as a "high cost" loan and would basically make it impossible for us to lend to ANY borrower. Is it your intention to cripple the economy all together? This just does not make ANY sense at all.

- A new disclosure for Mortgage Brokers. Regulating the Mortgage Broker ONLY to do this is extremely unfair, not to mention it is extremely difficult as the banks change their guidelines and YSP pay structures on a weekly basis. The fact that the lesser trained and unregulated employee's of a Bank or Direct Lender will now have an unfair advantage due to the fact that they are still receiving this compensation but are not required to disclose it to the borrower. Giving the borrower the incorrect presumption that the Mortgage Broker is charging the buyer unfairly. Why not level the playing field!

- The Originator to determine that the borrower has the ability to repay the mortgage for at least 7 years. This is without a doubt the most unrealistic expectation I have ever seen. Unless your borrower has a GUARANTEED employment contract for a period of more than 7 years how can you with any certainty be expected to have the ability to show that the borrower will have the ability to repay the mortgage for at least 7 years. (Unless of course my borrower has a long term contract with a Major League Baseball team and is guaranteed their salary through collective bargaining agreement). In the many years I have been originating loans I have rarely met many individuals that have remained with the same employer for more than 7 years, I would love to know how your office expects individuals to prove this to US never mind the Mortgage Broker being able to prove it to the lender.

It is about time that the federal government and the various regulatory bodies started thinking practically when it comes to rules and regulations, in addition to treating ALL loan originators fairly. This credit crisis and “sub-prime” crisis is not the fault of the mortgage brokers. This started from the TOP, with the lenders and included gross misrepresentation by employees of direct lenders and of banking institutions.

WAKE UP !

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