

From: "Twyla Jensen" <tjensen@uneedspeed.net> on 03/28/2008 05:40:02 PM

Subject: Regulation Z

Dear Sir/Madam:

I am dismayed at the apparent attempt to underwriting changes in the mortgage industry.

1- Abolishment of Stated income and No doc loans- If we abolish these products completely we will take the buying power out of approximately 30-40% of the clients that we now serve. We are a small community with many small business owners who write off a lot of expenses. If such a change is to take place then we had better allow business owners to use their Gross income for the business instead of the net. I understand the risk. Let's make sure that stated income loans require a down payment of a reasonable nature, not abolish them completely. It would be disastrous to the housing community.

2- If we are going to disclose all YSP or SRP up front and cannot change it then we had better make sure that car dealers and shoe salesmen have to tell us exactly how much they are getting paid and how much profit they are making on every transaction. We are the ONLY business that currently has to disclose everything we make. Let's make it equitable for every other business in America. Every car dealer, shoe salesman, tire company, grocery store, pharmacy etc.etc.etc. should tell us how much they make on a transaction as well.

3- The Federal Reserve wants us to determine that a borrower can repay for 7 years? Sorry but get real! We can in no way guarantee that anyone or any of us for that matter will not have a change to our income in the next 7 years. We can be employed today and unemployed tomorrow. The only folks who can count on guaranteed income are retirees with pension. Not feasible in any way.

4- A 3% cap...again we need to get real. It takes about 50 different people to close a loan. They all need to be paid. Title officer, escrow officer, receptionist at escrow, assistant to escrow officer, appraiser, credit reporting agency, tax service provider, insurance company, insurance company secretary, loan officer, processor, receptionist at mortgage company, appraiser's receptionist, copier supplier, etc.etc.etc. It takes quite a bit of overhead to run a mortgage company properly.

You would be much wiser to spend some time getting licensing into place for ALL mortgage professionals. This should include bank employees, insurance company employees and everyone who claims to sell mortgages even though it is not their specialty. I know there are bad lenders out there...let's weed them out. Make them get licensed and make it enough of a cost so that the fly by night guys don't want to pay it. It would get rid of a lot of unscrupulous people. Let's make it so that you can't purchase an investment property (ever) with no down payment. That happened a year ago. Let's get rid of Option Arms (you can choose your payment : 30 year fixed, 15 year fixed, interest only or negative amortization). Which choice on an Option Arm is the average borrower going to choose? The lowest payment is what they will choose. Are they going to understand that neg. am is actually going to add to the principal and they will pay interest on the interest. No. The unscrupulous guys made big bucks off of those type of loans and that is really the problem in this industry. Almost all borrowers were in over their heads without even knowing it.

I would appreciate your reply at your earliest convenience.



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