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Subject: Regulation Z

The proposed rule is so flawed that it appears that it was written by depository banks. All rules are for the restriction of mortgage originators and brokers. Some of the most guilty of the lenders are the depository banks, who had wholesale departments which are now closed. If rules are going to be written, then they should be to the restriction of all in the mortgage industry, not just a chosen few.

Four points are so ridiculous, it almost doesn't deem a response.

#1 - A loan of 3% over the T- bill rate will effectively eliminate the mortgage market ,except for the relative few who are the BUDDIES of bankers. Lenders will look to other avenues to lend and drop mortgages all together. I agree that the mortgage rate should be tied to the T-bill rate, but at a <u>reasonable</u> separation. Possibly a span, determined by credit score. Allowing Wall Street to determine mortgage rates has always been a negative feature in the industry.

#2 - A disclosure by the broker to the borrower before the application and with the provision of no change will not work. There is no way anyone can tell, even within a few days, what the prevailing rate is or will be. Therefore, brokers will give the borrower the highest rate he can to protect himself. Why always the broker? Why not have banks tell the client what they will make when they sell the loan.

#3 - How can anyone in this world determine what is going to happen to anyone else in the next seven years. If a loan was made in 2001, could the originator tell whether or not the housing market would collapse and the borrower (a construction worker) would lose his job? I think not.

#4 - No-doc and stated income loans were put into the market, because Fannie Mae and Freddie Mac had provisions that said that the tax returns of a self employed borrower must have all deductions for expenses deducted and the NET income used. However, a w-2 employee may have to pay all his own expenses in exchange for a larger commission split and these are never taken into account. If stated loans are eliminated, I believe 80% of self-employed borrowers will be eliminated from buying a home. The alternative is to use gross income from everyone.

70% of all mortgage transactions were originated by mortgage brokers. However, very few were underwritten by those brokers. They were underwritten by lenders. All we did was sell their programs. Yes there were many illegal transactions made, but they were the minority. You will find this in every industry AND government. All we want as brokers is to be treated on a level playing field with the major banks and lenders. Many of the foreclosures didn't happen because of the inability of the borrower to make payments, it occured because the Federal Government has allowed the credit card companies to charge any rate they feel is justified. I have seen 34.99% on some credit card statements of people who want to refinance. If we tried to charge that amount on a mortgage, we would be locked up. Some of these credit card balances, with these rates, would take 35 and 40 years to payoff at the minimum payment. The Federal Government forced credit card companies to up their minimum payments. Well, when you do that the money has to come from somewhere. Do you see the problem?

Please have hearings in more than FOUR cities before making a complete debacle of the mortgage industry in a knee jerk reaction. Bring in the NAMB, ABA and other organizations that can give the correct statistics. Relying on congress is like relying on a rat to guard the cheese.