

**From:** LoanMaker@aol.com on 04/01/2008 08:05:04 AM

**Subject:** Regulation Z

This RESPA re-work is merely the next bullet to dodge as our industry and our livelihoods are attacked once again, in an effort to achieve a quick fix, while shifting the impedious away from the real trouble-makers.. the RESPA 'overhaul' is yet the next chapter in this on-going witch-hunt. However, this is the most sinister attack yet on our part of the industry and our right and means to do business in this industry. I have invited my extensive list of associates in, around, and those somewhat-to-directly dependent upon this industry to share [in] my views and to take up the standard with me. You should take a moment to read my thoughts and observations. I think you may find in the short-to-medium run of things, that mine is not a singular opinion or perception. I invite you to respond to me, if you'd care to. I'd love to debate this matter. Maybe it would be good, too, for you to try such a debate w/someone from the 'inside'...

It is my considered opinion that this latest, malicious attempt to make brokers the sacrificial lamb in this mess the industry leaders, syndicators, and wall street warriors wrought upon us, is nothing more than subterfuge. You and they (congress and top-paid industry leaders and wall street profiteers) continue to make the brokers out to be the bad boys and the principal and lead culprit in this current debacle. I, for one, haven't let an opportunity go by without expressing my thoughts and indignation for being held up as a bandit, inept, and tunnel-visioned on public and economic destruction, and almost single-handedly so, in my pursuit of legendary riches and indescribable power brought on by such incomprehensible wealth as I've amassed and experienced in the past 5 years or so...

This is the perception of the broker that RESPA now attempts to promote by virtue of and helped along by congressional glory seeking, through the urgings of HUD, the industry leaders at large, Wall Street, and the backward-looking 20/20-visioned pundits and oversight 'ambulance chasers' who are trying to sell the public on how the broker did this to them. In an effort to duck, diffuse, and/or redirect any negative attention away from themselves, industry leaders, Wall Street, and even HUD and congress want you to believe the broker, virtually single-handedly, did this to you Mr & Mrs Consumer. God forbid they get touched by any appearance of complicity. Pity and woe be on those upon whom falls this undeserved taint. That's what they'd have you believe. They can't have this hitting upon *their* doorstep... The Broker did it. Not us. But we're going to save you.

The reality they/you are trying to shape, and the blame they're trying to re-direct IS at their doorstep. A lucid-thinking consumer, given a moments' due for having a brain, would pretty well figure out that the broker didn't create this mess. They are a somewhat unwitting participant, I'm embarrassed to admit, but far from the culprit we're being made out to be. The broker worked FOR the guys who made the programs available. It wasn't the broker's products. It wasn't the broker doing the underwriting and approving. It wasn't the broker closing and funding the loans.

Of worthy and critical note is that industry leaders, lenders, wall street, the banking system and industry (though through their owned subsidiaries, participating subsidiary associations, and arms-length related and owned profit center Divisions, et al), even down to HUD, the Fed, and any other---*pretty much every other* ---oversight, administrative, and enforcement agency, or quasi-industry authority, are far more complicit and far more at the core of this issue than the broker----> hell, *they created the products and tools to bring about this mess or, in the case of Congress and HUD, permitted them to hit the streets on their 'watch'* .

Of critical and important note is the fact that they themselves, and you---*industry and governmental white-knights hell-bent on saving us & who are the ones most avidly pointing the finger at the broker* ---are the ones that formulated the products, made them available to the public and broker community, and available to the public by *virtue of their access through the broker community* , who trained the broker

and enticed [rewarded] the broker to promote, sell, and close these products. It is yet the most brazen handful of these 'leaders and powers' that are really enjoying this self-righteous moment telling us how they saw this coming... so, if they or you said it could happen and saw it coming, how is it they and you stood by and let it? What did their bank deposit activity look like over the past several years? How was their business during this period? What was their business, by the way? How did YOU fare during the past 5 years?

How could any thing *else* have happen so long as the industry continued to extend loans w/o as much as a moments' time spent to examine the complex and delicate balance they created between exorbitant rates and borrowers ability to make the payments. It was really simple--they couldn't pay them... and the industry leaders, co. owners, bankers, Wall Street, and HUD knew it. They'll claim they didn't know it. They'll tell you how the broker community, through fraud and 'slight of hand' did this. However, I think the proof that they knew this the case is adequately demonstrated in how, how quickly, and how thoroughly and pervasively they launched and promoted the reduced-document, stated income, No-Ratio, and No-Document series of loans. I think this demonstrates clearly enough what their suspicions were and where the weak link existed, sure enough. But I'm not sure how they're going to pin that one on the brokers. How the brokers created these products and the role these products played in the mire, has been the least hardest hit message of all the messages available and of all the 'drums' being beat. Was any one element more deserving of attention and yet the least attention drawing than that of loans that had no requirement to demonstrate or prove income, much less the ability to pay medium-to-long term after rate impacts? I forgot---it's the Broker's fault...

Brokers are not without some limited measure of complicity. However, if the 'powers that be' provide the broker the products, provide the broker the necessary instruction & training, create a [financially] competitive environment centered around these products and ease-of-profiting, who continue pounding away at the intrinsic profit motivation and profit message in producing numbers w/these products {marketing}, then I question just how complicit the broker community *really was* ... versus being manipulated and compelled to paint the streets w/these products. These products and their undeniable lure were programmed and intended to generate massive numbers of deals. Deals that were to be syndicated and/or securitized, and sold, etc. etc. etc. All the events and manuevers that make the gatekeepers of the wealth--*those wall-street types at that level 10 paygrades above us brokers and consumers* --richer yet, and seeing them building their fortunes on our and the consumer's back, are the true takes deserving to be told. They *knew* what they were doing. They purposely went after the biggest segment of population dangling the 'dream' out in front of them as they went along---they went after middle- and lower-middle America, and minorities, because they were the purest and biggest numbers of people in search of the 'dream' and who under normal circumstances stood the least likely chance of having a 'piece' of that dream. That dream was and is Home Ownership.

Because the industry powers compelled--no , they enticed, lured, even seduced-- the industry rank-and-file [brokers] to 'speak' to this unsuspecting and largest sect of population, their success was both planned, imminent, and fast. Dare I suggest foregone?

Unfortunately, and only through hind-sight, can we now see the error inherent in making homes, home-loans, and such rabid 'purchasing power' available on such a mass-marketing and marketed basis. The industry made the American Dream available to virtually anyone w/a breath in their body. They sold it for a margin over an index that on the front end seemed reasonable enough, but who's teeth were simply just below the surface, waiting for year 3, 4, or 5 to rear their 'bite'... long after the profit taking at that lofty level 10 pay-grades above me, had already made it's millions, billions, and trillions... *compared to my 100,000 or so per year* . Who made out? If it wasn't the consumer, and if it wasn't the broker, who the hell was it that got the lions' share of the 'money'?

(answer: the ones who created the products and made them available)

But then, this is only *my* opinion. However, thanks for letting me share it.

**Steve Knabe**

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