

From: JosephAKing20@aol.com on 04/01/2008 11:15:03 AM

Subject: Regulation Z

I have been a one man Mortgage Broker Business in the state of Florida for over sixteen years. I have never asked for a government loan or assistance in any form or fashion to assist my business. I am just trying to make a living staying self-employed. I am not blaming anyone for the current housing crisis, other than pure greed on both the lender and borrowers behalf. I have never funded a sub-prime loan and I have refuse to do business with sub-prime lenders. Over the years I have taken a stand to protect the consumer because, I treat my customers as if I were the one getting the loan. I refuse to do FHA and VA business because, most of the time after paying the funding fees on these loans, the borrower is usually upside down on the home. Also, 0% to 3% is not a smart way to lend money especially when you are giving it to borrowers with bad credit to begin with. However, the Federal Government thinks it is every American's "God Given" right to own a house. I believe that people in our country have a right to own a house if they have at LEAST 5% of their own money to invest with at LEAST a 640 middle credit score.

If you want Mortgage Brokers to look after the borrowers, you should also make any person originating a loan, and any Realtor who is referring business to a broker or bank, to be equally responsible for that persons protection. Most Realtors today have mortgage broker licenses so that they can get "kick backs" for their referrals. They do not care about their customer's interest rate or closing costs as long as the house gets sold and they get paid by the mortgage broker, real estate agency, and often times the settlement agency.

If you want the Mortgage Brokers to look after the borrowers, you should set the example by changing the FHA and VA guidelines. Make people accountable for their credit history, and make people responsible for saving money. It is a privilege to own a home, not a right.

Many times the loan situation changes from the time the borrower applies for a loan and the time a credit report and appraisal comes into play. Often this dictates how much the broker can make on a mortgage loan. If we quote a rate in the beginning based on what the borrower tells us about his credit and house value, we lose a lot of money when their credit score comes in substantially lower than what they told us and if the underwriter devalues the appraisal based on what the appraiser said the house is worth. These things are out of our control.

I implore you to get realtors out of the business of getting compensation for referrals, make everyone originating a mortgage loan responsible under the same guidelines, require the borrowers to be responsible for saving money and paying their debt in a timely manner, and most of all, set an example of lending responsibly by changing your own FHA and VA guidelines. I am all for veterans getting help when buying a home. If they have excellent credit, (720 credit score or above) then maybe they don't have to put any money down. By the way, the VA and FHA mortgage rates pay much more to the broker than conventional financing. The FHA and VA interest rates given as a whole nationwide is a higher rate to the customer. You tell me who is looking out for the best interest of the borrower.

I do not have a problem disclosing what I will be making before a loan gets started. I do have a problem with not getting paid if the circumstances change and I have to change the rate or closing costs to compensate to make the same amount of money I originally agreed to do the loan for. I also have a problem with not everyone playing by the same rules. I do have a problem with a lot of mortgage brokers. I think most brokers (like realtors) only care about themselves and how much money they are going to make. I also have a problem with the FHA and VA guidelines that allows a borrower with bad credit to move into a house and is now upside down the day they move in. Lets make everyone (broker, realtor, loan originator at a bank, borrower, and most of all the Federal Reserve System) accountable for what happens during a loan process.

I would love some feedback from the Board of Governors on what I have written and how it effects R-1305.