From: "Richard Bourdeaux" <rbourdeaux@1atmc.com> on 04/01/2008 12:50:03 PM

Subject: Regulation Z

Hello, I'm emailing to address the items under consideration and the impact these will have upon homeowners' ability to borrow for home purchases and refinances. They will also have a severe effect on the mortgage brokerage industry, perhaps even causing it to become extinct. Below is a list of the items and my comments thereupon.

A new category of "higher-cost" loans, which will eliminate all stated and no-doc loans.

Stated income and "no doc" loans are necessary, especially for self-employed individuals who legally deduct business expenses from their gross revenues but maintain enough liquidity to afford to purchase or refinance their homes. Elimination of stated income will virtually prohibit these people from home ownership. The vast majority of self-employed individuals require this type of loan. The impact of its elimination would have catastrophic implications for these individuals and the economy as a whole.

New APR triggers of 3% (1st mortgages) and 5% (subordinate mortgages) above the 10-year U.S. Treasury

This will cause nearly every mortgage to be classified as a "higher cost" loan. As such, the provisions of the Fed Rule will make financing nearly impossible, especially for people with below average credit. People with fairly good credit are already being penalized by Fannie Mae and Freddie Mac's new risk-based pricing adjustments. Since first mortgage rates are not determined or affected directly by the 10-year US Treasury, this makes no sense in the first place.

Requiring all Mortgage Brokers to disclose, before application, what your mortgage brokerage fee (front end AND back end fees) will be on the loan and this cannot change.

Mortgage Brokers are already required to disclose these fees, but the fees can change, depending upon whether the borrower wants to float or lock their interest rate. The back-end fees, or yield spread premiums, that brokers receive from lenders will vary day-to-day prior to the borrower's loan being locked in. Also, any attempt to eliminate these fees will essentially make it more expensive for borrowers, because it will necessitate that brokers earn all of their compensation through the use of up-front origination fees or points. Loans with "no points" and/or "no closing costs" will cease to exist because it is these premiums that make them possible.

Originators must determine that the borrower has the ability to repay the mortgage for at least 7 years.

This provision will make it more expensive for borrowers who only intend to stay in their homes for shorter periods of time, eliminating the benefits of lower interest rates they would get on five-year or shorter adjustable rate mortgage products.

It appears to me that the focus of blame for the current "mortgage crisis" is being misdirected at mortgage originators. We only offer products that are conceived and made available to us by investment bankers or whoever it is that develops these loan products. It is up to us to make them available to homeowners who need them. It is our responsibility to act with integrity, honesty, and fairness when recommending a mortgage plan for them.

If a loan program exists for which a borrower legitimately qualifies, whose fault is it if that person can not afford to repay the loan at some point in the future? I'll tell you whose fault it is - it is the fault of those who create the loan products and the parameters under which people qualify for them who are responsible. As originators, it is our responsibility to analyze our clients' financial picture in order to make suitable recommendations to keep them out of expensive loans that they can't afford, but we do not create the guidelines for qualification.

Thank you for considering my comments. Please do not hesitate to contact me if you need to.

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