

From: "Todd Wilson" <todd@norcalloantips.com> on 04/01/2008 02:15:04 PM

Subject: Regulation Z

Dear Sirs,

The proposed rule changes in Docket No. R-1305 are unacceptable for the following reasons:

1) The new APR triggers that cause a loan to be designated as being a "higher-cost" loan will result in most loans being classified as "higher-cost" loans. This is regardless of whether any points and fees are charged by the loan originator. Simply taking a normal rate on a 30-year fixed rate mortgage and adding in the fees from the title company and escrow company, appraisal fees, credit report fees and lender (bank) fees will trigger the "higher-cost" loan designation.

2) The rules changes will eliminate "stated income" loans and "no-doc" loans under any circumstances. While this may seem to make sense on the surface, there are situations where these types of loans make sense. Guidelines for these types of loans have already been tightened up by lenders to the point where a borrower must have strong compensating factors to qualify for them.

3) The new disclosure for mortgage brokers only gives an unfair business advantage to banks over mortgage brokers. Banks already have an advantage because they are the ones who decide what loan programs are available and at what cost. To include in a law a stipulation that gives one group a competitive advantage over another simply by regulating only one of them is unfair. It makes it look like the banks are the ones who wrote this law and that they have done it so that they will reap the benefits of eliminating their competition.

4) Requiring that a loan originator determine that a borrower has the ability to repay the mortgage for at least 7 years doesn't make sense. No one can predict another person's income or spending habits that far into the future. It would make much more sense to have a space for the borrower to initial or sign the expected payment changes on the Federal Truth In Lending Disclosure in order to ensure that they understand the future of their loan.

I would also like to point out that there is a sentiment in the media that mortgage brokers are completely at fault for the decline in the mortgage and real estate market. This is very narrow minded. There are so many causes that they are too numerous to list. Among them are:

- 1) Loose lending guidelines from all financial institutions.
- 2) Double digit appreciation of home values for 5 years in a row.
- 3) The media predicting a crash for months and cashing in on it when the crash happened. They continue to capitalize on bad news and relish any that is available.
- 4) Huge amounts of speculative investing in real estate, especially by novices.
- 5) A weak economy that was buoyed by the strong real estate market until its crash.

In short, there is not one person, one industry or one reason for the trouble that we are in. There are many. It is a mistake to try to solve the problem by over-regulating one portion of the problem. Most mortgage brokers are honest. To put them out of business because of the unscrupulous few is unjust.

Sincerely,
Todd Wilson