From: "Bob Kennedy" <bkennedy@minerkennedy.com> on 04/04/2008 03:10:03 PM

Subject: Regulation Z

MINER KENNEDY
CHMURA ASSOCIATES, INC.

I am ashamed of what the real estate financing industry has become. It is an absolute MESS. The scope of the damage points to a lack of good leadership, which therefore begs tighter regulation. There is enough blame to go around to all of the various sectors within the industry. The reputation that this industry has earned, points to incompetence, abusive practices and greed. There are many good, honest, hard working and fair participants, but we've accumulated far too many "bad apples" intent on personal gain above all else.

I have been originating real estate loans since March 1972. I've seen a great many changes in both product and practices over the years, some have merit, others do not. I have worked for Savings and Loans, Mortgage Banking companies, and since January 1991, I have originated loans as a Licensed Mortgage Broker. Over the years I have originated mortgages in a dozen states. I am an active proponent of protecting borrowers from lending abuses. I am a proponent of limiting Yield Spread Premiums (YSP) on ALL LOANS BY ALL LENDER TYPES. I have a hard time understanding where ANY originator deserves to earn more than 1.5% on a loan above $100,000.00. I believe a sensible MAXIMUM YSP might be 1.25%, unless any amount above the 1.25% is used to offset normal and customary borrower closing costs - excluding additional fees to the originator.

I am a believer in fair competition by and between all mortgage loan originators, be they Banks, Mortgage Bankers or Mortgage Brokers. But with that equal footing, it would be a mistake not to require training, testing and licensure for ALL originators on a national registry basis to weed-out those who would abuse the trust that the borrowing public should expect from those guiding them in such an important financial capacity. The license should NOT BE A SHAM. The testing should raise the bar high enough to assure understanding of all of the lending issues including specific competence explaining loan products and differentiating them in plain language to borrowers with no financing background.

This is a good time to analyze and reform the areas where much of the abuse occurred. It is necessary also to note that borrowers will NOT become savvy overnight, just because it is in their own best interest to do so. Many practices within the industry have areas that can foster abuse. PREPAYMENT PENALTIES should be abolished on all loans financing personal residences, they have been used largely to squeeze out more income per loan by those who use them and do not benefit the borrower. YSP's should be transparent to all borrowers by all lenders and should be limited to a specific % on all loans (reference above).

FINALLY, A BRIGHT SPOT IN THIS WHOLE DEBACLE. In the aftermath of the credit market melt-down, we are seeing pricing rewards for borrowers with excellent credit. Never before have I seen credit gradation with SPECIFIC LOAN PRICING BENEFITS for borrowers having a stellar history of honoring their obligations. I am aware that it may be tempting to initiate additional lending disclosures, specifically, one that will disclose income of the originating company before the consumer is obligated to pay any fees, or even make application. I understand why this might be tempting to require, but I have found over my career that until an originator understands the background of the borrower in the areas of income, credit worthiness and financial discipline, this requirement would be unfair to borrowers and lenders alike. Have you seen how many pages of disclosure we already issue to a borrower at application? This industry is getting goofy with the amount of disclosure that borrowers sign (most don't read them) in order to get a loan.

I believe that allowing a lender to charge, and a borrower to pay a credit report fee (with NO mark-up in price from the fee paid by the lender) in order for an originator to review credit, as well as income amount, type and duration, and the borrowers' asset accumulation track record will allow the lender to accurately identify pricing, fees, and other specific services that can dramatically impact the best overall result for the borrower's financing request. A qualified originator should do this. An good originator will do this, as well as make suggestions that may require additional tasks of him/her to improve the net overall result for the borrower. Finally, professional licensed originators have the background and knowledge to dramatically improve the borrower's understanding of what they are agreeing to be obligated to do. With this understanding comes better payment results, lower foreclosure results and a healthier industry.

WE NEED TIGHTER REGULATION, and now is a great time to initiate it, but it would be wrong not to regulate all lenders AND their originators equally. A LOAN IS A LOAN IS A LOAN. Incompetence, greed and abusive practices are equally damaging to borrowers regardless of who employs the "bad apple".

I will gladly make myself available to you to assist in your efforts of consumer protection in any way that you might find my knowledge, experience and sense of fairness useful.

Sincerely,

Bob Kennedy
7525 E. 6th Ave.
Scottsdale, AZ 85251
Phone: (480) 222-9700
Fax: (480) 222-9701
CELL: (602) 418-3215
Home: (602) 955-3222

If you know of a friend or family member looking to buy or refinance a home, please send me their name and phone number so I can give them the service they deserve.
TO VIEW MY WEEKLY NEWSLETTER PLEASE CLICK BELOW:
http://www.mmgweekly.com/w/w.html?SID=0233f3bb964cf325a30f8b1c2ed2da93