

**UNIDOS PARA LA GENTE**  
**P. O. Box 341**  
**San Marcos, Texas 78667**  
March 21, 2008

Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551

Re: Regulation Z, Docket No. R-1305

Dear Secretary Johnson:

Unidos Para La Gente commends the Federal Reserve Board for having taken an important step in proposing changes to its Regulation Z, intended to end unfair and deceptive practices on high-cost loans. The foreclosure crisis being faced by the nation is largely due to a lack of consumer protections and safety and soundness standards resulting in risky lending.

Foreclosures are projected to be at least 2 million in the next two years. In Hays County, Texas, where our members live, about 120 families are scheduled to lose their homes through foreclosure next month. Unidos Para La Gente has for about 18 years counseled potential home owners and helped them to obtain mortgages, if they had sufficient income. Our organization has also raised money to build houses at no cost to poor people, so they are not locked into any kind of payments they can not afford.

The Federal Reserve's proposal is long overdue, but it has significant exceptions in its major provisions dealing with unfair lending practices. It has commendable aspects, but there are areas which could significantly weaken important provisions of the proposed rule. We urge the Federal Reserve to address these areas and make sure there will be no getting around its major provisions.

We support the proposed ability-to-repay standard, and curbing the practice of qualifying borrowers on the initial, teaser rate after which borrowers become delinquent after the loan's rate increases.

The proposed rule should require that a lender assure a borrower can repay during the entire term of the loan, not just the first seven years. And the Federal Reserve should allow individual lawsuits by borrowers of limited means under a standard that is not difficult to prove.

The elimination of escrow requirements on high-cost and very-high cost loans should not be allowed. And we urge the Federal Reserve to require prepayment penalties to cease 90 days

before the expiration of the initial rate, rather than the proposed 60 days to allow for better comparison shopping on mortgages.

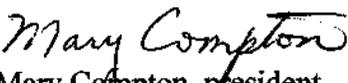
Banning yield spread premiums (YSPs) on high-cost and very-high cost loans would be better for the borrowers unfamiliar with the loan process than the proposed improvements in disclosures of YSPs. We also support the proposed requirement that good faith estimates of loan costs for refinance and other non-home purchase loans be supplied to borrowers before payment of application fees.

And we support the proposed protections against appraisal fraud, servicing abuses, and deceptive advertising. There should be added protections in the area of servicing. For example, the Federal Reserve should require reasonable loss mitigation efforts before foreclosure proceedings begin. And a new appraisal and an adjusted loan amount must be required in cases when the original appraisal was inflated to protect against appraisal fraud.

We urge the Federal Reserve to strengthen and implement its proposal. Significantly contributing to the foreclosure crisis and the current economic weakness has been inadequate consumer protection regulation. A strengthened Federal Reserve amendment of Regulation Z must be coupled with a strong anti-predatory lending bill passed by Congress.

We appreciate this opportunity to comment on such an important matter.

Sincerely yours,

  
Mary Compton, president  
Unidos Para La Gente

cc:  
National Community Reinvestment Coalition