From: <dan@goldenpalmmortgage.com> on 04/03/2008 09:50:03 AM

Subject: Regulation Z

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

♦ New APR triggers of 3% (1^{st} mortgages) and 5% (subordinate mortgages) above the 10-year U.S. Treasury, causing nearly every mortgage made in America to be classified as a "higher cost" loan. As such, the provisions of the Fed Rule will make financing nearly impossible.

♦ A new disclosure for Mortgage Brokers only that will require you to disclose, before application, what your mortgage brokerage fee (front end AND back end fees) will be on the loan and this cannot change.

♦ The Originator to determine that the borrower has the ability to repay the mortgage for at least 7 years.

Once again very interesting legislation trying to be passed trying to put all the blame on the mortgage broker who is the middle man trying to find the best mortgage possible for the borrower. Mortgage brokers don't underwrite loans, underwriters at the banks have the final say and the banks are the ones with the programs and underwriters. They are the ones with the 100% stated income loan with a 600 credit score. If you look at the statistics with borrowers over 700 credit score "Are they defaulting on their loans?" I love how we have to disclose our yield spread premium, front and back and a bank does not have to. So a customer should just feel good if they go to the bank when they get their loan. Why doesn't an attorney, a doctor, a car salesman etc. have to disclose exactly what they make? It's hard to be positive when all your employees are quitting the business and you haven't made a paycheck this year to support your family.

Good luck on your regulation!!

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