

From: "John Adams" <Financejax@comcast.net> on 04/03/2008 10:35:03 AM

Subject: Regulation Z

To whom it concerns:

There are many reasons why this change in lending practice would not only impact every small business or brokerage in America that offers mortgages. It is unfair to the "little guy" that is merely initiating the same loan you can get a Countrywide for the same price. So this bill says to me that the lenders with big pockets will be able to stay in the business - no matter how many bad loans they originate. Speaking as a owner of a small business and a former loan officer for Countrywide I can assure you there are less checks and balances as a lender over a broker every day of the week.

Making new laws and lending practices was the reason the downfall of the market came to be in the first place. Not everyone in America can afford or can take on the responsibility to own a home. Home ownership is not a right; home ownership is in fact a privilege. Banks and consumers must find the solution ... not lawmakers that have never been in the industry before.

What will self employed borrowers do to qualify for a house if they take advantage of tax breaks and their returns are lower than their actual lifestyle without a stated product? How will this benefit consumers to take away programs to help homeowners that leveraged into real estate at the wrong time? By eliminating small business competition you leave the major players behind ... the major players which caused this problem to begin with.

How are we to offer a service to someone upfront and know what the true costs are until we know their entire situation? The requirement in this legislation mandates that brokers give a disclosure upfront of costs before we know what the need of the borrower is like going to a doctor, writing a check for 50 bucks and expecting him to cure anything from a cold to cancer. Mortgages are not like HMOs or elastic waste pants- there is no one size fits all, there are many banks we use and have different pricing depending on what bank we turn to and products we use to get the job done.

I strongly recommend that we turn to John Snows recommendations for selling off bad debt in a secondary market and the good insuring what is left and moving on with our economy Why must we look to ridiculous legislation and government subsidy for the answer? This is clearly not a solution please consider these thoughts when introducing such a sweeping change

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

- ◆ New APR triggers of 3% (1st 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.

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