

From: "Cathryn J. Overcash" <cathy@cathrynovercash.com> on 04/02/2008 08:10:02 PM

Subject: Regulation Z

Hi,

I wanted to express some concerns that I have with the possible new implementation of R-1305.

I have been in the mortgage lending business since 1983. From New Jersey to New York to North Carolina, where I currently reside and conduct business.

I think it's important that those who are proposing or passing mortgage guidelines/rules/regulations are truly aware of how it exactly works. I truly believe that there are those, who not intentionally, but by the ignorance of not knowing are harming the American General Public when it comes to having an opportunity to pursue the American Dream of homeownership.

In 1/2008 Bill 1817 went into effect; and since then several changes have been made by FNMA, Freddie Mac and PMI companies. The problem with the ruling that is pending is how discriminatory it is and how badly it hurts the percentage of people who will want to apply for Federal Housing Administration, FHA, or Veterans Administration, VA, loans.

You are choking the ability for fairness and timely closings for most Americans. By limiting brokers, or possibly shutting down brokerage firms completely, you are forcing Americans to go to the large banks and lenders. It is silly of anyone in congress, or anywhere else, to think that the banks and lenders make any less money than brokers do; they are just protected more by the law. It's called big corporations running politics without any regard for Americans rights and choices.

When a mortgage broker gives a client a rate of 6% with 1% ysp on the back it is no different than any large bank or lender giving the same rate. The large bank/lender will also make 1% ysp on the back; only it isn't disclosed on the HUD. By forcing

the public to go to the larger companies you will slow down the process of loan applications and closings. This in turn allows for the locked in rate to expire and the client ends up with a even higher rate than they started with, and the bank/lender makes even more money on the American Consumer. Is this really what congress is wanting to do to Americans? Do you really think this will slow down foreclosures or keep Americans from being charged fees.

The truth is that the foreclosure problem is because of the big banks/lenders. Mortgage brokers DO NOT lend their own money; we rely solely on the paid underwriters of the large banks/lenders who purchase loans to approve the files that are submitted. It is the job of the underwriters to review, check up on and determine if someone can repay a loan for the next 7 years; they are paid to do this. If they approve a loan and it goes into foreclosure why is the mortgage broker blamed and no one else? This doesn't even make sense.

You are needing a scapgoat for the current condition of the american economy so some politicians got together and decided to blame mortgage brokers. We do over 60% of all mortgage lending; we get a lot of repeat business from past clients because we take the time to explain things to them, we give them much better customer service than some 800# you call at the bank/lenders.

Yes, there are some bad brokers out there, but I've got news for you. Some of the most crooked loan originators work for the banks/lenders. It is like any business out there, there are good and there are bad. You try to make it sound like all mortgage brokers are bad and everyone else is good. That's such a joke! It's really sad though; you are taking away the average Americans ability to make a choice. You are "steering" people to big companies only and you think that will keep them from getting higher rates?? Once there are only a handful of companies in operation giving mortgage financing you don't think that they will corner the market with even higher rates. You don't make them disclose ysp but it is there in the exact same form as a broker, only not disclosed. If there is no choice

you think that banks/lenders are going to cut rates and take money out of their own pockets to help a client? You are fooling yourself and everyone around you if you think that; it's so far from what will really happen.

People are greedy in general; I don't care who you are. Out of every 100 people maybe 2 aren't greedy; your pastor and your grandmother, that's about it! If you force people to have no choice you will drive rates up like never before and no consumer will be treated fairly. The more competition there is the lower the rate has to be to get the loan. That's what keeps rates low.

You are signaling out mortgage brokers because you need someone to blame for the mess right now. The ones to blame are the large banks/lenders who approved all the closed files that have gone into foreclosure. There isn't one single mortgage broker in America who approved their own loan and closed it. So why blame the one who has no control of approval; well, if you blame the banks/lenders maybe they won't vote for you next session, is that it?

As for FHA and Va; you are taking away 2 very valuable products for these clients. When Bill 1817 passed the 5% is good; I'm ok with that. I think it's wrong for any mortgage lender/broker/bank to overcharge. After 26 years in lending I do it because I care, not because I think in 2 years I'll be rich. It's a stressful, yet rewarding career. However, when you add in 1.5% up front MIP for FHA, or add in 3.3% VA Funding Fee, then who is going to even reach out and help those in the lower market areas? There will literally not be enough money made to cover cost and then the loan will actually cost money to the broker to close a file. I don't need to make large amounts of money, but I'm not going to pay money out of my pocket to close a file; this is what you are leading us to. So then the \$80,000, or \$100,000 client will go to a banker who is more interested in the \$300,000 file and they will get given higher rates and less customer service because the greed of the large corporation will take over and the "little guy" isn't worth it. Is this what congress wants and you call it the American Dream??

I really think that before these Regulations are put on paper and voted on that some of the higher ups should be made to go to different states and have meetings and talk to brokers/bankers and lenders. Find out how it really works; get opinions and then make decisions. Most of you making decisions couldn't originate or process a mortgage file if your life depended on it; but you are passing judgement and making rules that are damaging to the average income American worker when they go to get help to buy a home.

I think you are making a big mistake; and you are showing a lot of prejudice when you apply your new laws to mortgage brokers only. Anyone who originates a loan or closes a loan should have the exact same rules and regulations down the line. It's the only way any American will get a real choice, a fair choice.

Thank you for your consideration,

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