

From: "Scott Goodrich" <scott@mortgagebrokers.us> on 04/08/2008 09:40:01 PM

Subject: Regulation Z

To Whom It May Concern,

I am writing to express my concern regarding proposed changes that could severely affect the ability of borrowers to obtain home financing in the near future.

I understand that changes are needed to strengthen industry standards within the mortgage industry. I have been a mortgage consultant for 21 years and have always taken pride in providing my clients honest advice and loan products that will be in my clients' best interest. I also teach real estate finance as an adjunct instructor at Cabrillo College in Aptos. I do my very best to teach and inform my students of the right way to do business, in being honest and ethical in representing either new homebuyers or existing homeowners looking to refinance.

Here are my concerns with the proposed changes that I feel could actually "backfire," having a detrimental impact on borrowers, even those borrowers with sterling credit.

1. The proposed threshold limit is too low. Based on current market conditions, a 6.5% APR could be considered a "high cost loan" which would result in borrowers paying a huge premium to obtain a loan, not to mention the fact that some lenders might not even offer these loans. Limited choice equates to higher cost which means fewer qualified applicants.
2. The elimination of pre-payment penalties will actually eliminate options that benefit borrowers. Yes, some people have abused pre-payment penalties, making a larger commission and in fact hurting the borrower. But as I tell my students, a pre-payment penalty should only be considered if it benefits the borrower either in lower fees or lower monthly payments or both. A pre-payment penalty should not be offered to benefit the mortgage lender/broker.
3. Eliminating the ability for Mortgage Brokers to even order an appraisal is unnecessary and will ultimately hurt consumers.

There are other items to mention but I'll stop now. Hopefully, consideration will be taken to insure that the changes being proposed will in fact help and not hurt consumers. An overreaction by the government could have a drastic impact on the mortgage industry, Wall Street and Main Street USA.

Thank you for your consideration.

Sincerely,

Scott

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