From: "tward" <tward@calweb.com> on 04/08/2008 07:00:03 PM

Subject: Regulation Z

Board of Governors
Federal Reserve Systems

RE: Docket R-1305

I am a Mortgage Broker in California and have been in business serving my community since 1979. My corportion handles VA & Conventional Loans as well as Private Party Loans/Investments. I have already written under separate cover my opinions in relations to the Conventional Financing, this email addresses the revisions proposed to the Reg Z's and how is affects the private money sector.

We have investors who are ordinary individuals, they could be friends, family, neighbors and of course members of our community,, business acquaintances and parties referred to our firm or through our advertising.
In any event they are seeking a way in which they can make their Hard Earned Dollars work for them. With banks and other institutions offering money maket or CD investments at such low rates of interest, they are seeking an avenue that gives them a much better return on their dollar. Many investors are retired, but they are all seeking an avenue that will keep them at a par or better than the growing cost of living. This industry provides that avenue. Your proposal would put California Mortgage Brokers totally out of business.

We fund loans secured by residential and non-residential real prioperty and many are "consumer loans". We are already subject to extensive state licensing and regulatory systems under the Calif. Dept. of Real Estate or under Calif. Dept. of Corporations or both. Now I am not opposed to all of the revisions, however, a number of sections, will make it more difficult if not impossible for Calif. Mtg Brokers to serve the needs of many of California's underserved borrowers, I understand that many of the proposals are directed to the SubPrime lenders, but few abuses relate to consumer loans made or arranged by Mtg Brokers and funded primarily by private lenders and this is what my letter addresses. In addition to the investors I spoke of above let's review the negative impact this would have on borrowers:

1) making the equity of homeowners inaccessible, especially to people of less than perfect credit or income
2) not able to pull this equity for worthy causes, such as helping out their children through a financial bind, college tuition, medical situations, etc.
3) note able to pull equity for home improvements or how about a well deserved vacation?
4) perhaps there is a layoff on their job and need equity to tide them over, not accessible!
5) maybe they are ready to go into foreclosure or already are, their equity could provide the funds to cure the delinquency, thus giving them time to either market & sell their home or improve their financial situation.

There are many common sense reasons, these are just a few. When we faced a previous market (though not of this magnitude) back in the Pres. Carter administration, I can't begin to tell you how many homeowners we helped save their homes and other assests by being able to tap into *their equity, their cash reserves, their home,* and were the better for it. We arrange loans for people with hard to verify income or income that is temporatily impaired but who are willing to put their home equity on the line for a chance to stay in their homes or for a variety of reasons, many of which I covered above. Today, our hands are tied as the SubPrime loans along with delcining values have tapped out their equity and people are losing their homes in droves. This should never have happed in a country so rich and powerful, but it did.

We service these loans and we look for loans that make sense, that can be repaid monthly and ultimately prior to funding the loan look to see how our investor is going to get their investment back! In other words what is the plan to pay off this loan. We do not have pre-payment penalties on our loans, the rates are fixed, and my company guidelines includes LTV's and CLTV's not to exceed 65% on non-owner properties and 70% on owner occupied. On rare occassions we have made exceptions on non-owner properties to 68 or 70%, but in those cases the borrowers are better qualifed as to credit and income. However, with the passage of of California's high cost mortgage law that became efectivfe in 2002, similar to Section 32 loans, most of us, including my company, stopped maiing loans covered by the new law ("covered loans"). due to the regulatory burdens and the increased risk of litigation.

And once again there is the issue of the Disclosures prior to any loan application. It is unworkable and creates an unfair competitive advantage for direct lenders over mortage brokers. I sincerely hope you will take into consideration the major problems some of these revisions will create. A whole industry in California could be put out of business, loss of livlihood, unable to support their families, and with no income, they as well would be forces to sell or even lose their homes to foreclosure as. More thought is needed to review these issues and to make the law fair and equal to all.

Thank you,

Fischer Mortgage & Invesments Corp.

Teresa M. Ward

I am in support for the consumer protection goals of the Federal Reserve Board's proposed amendments to Reg Z, but I respectfully oppose the proposal to restrict compensation for mortgaged brokers. I am quite distressed as to what affect these proposals will have to the industry as a whole and to the individuals directly affected. I have been involved in mortgage financing since 1979. My corporation has handled both institutional loans as well as private party financing. I can truthfully say that although I have been through various market crises, I have never seen one of this magnitude.

I agree that changes need to be made to help the consumer as many of the loans made in the Sub-Prime Sector were bound to fail. You cannot make stated income loans to salaried employes individuals with minimum to no down payments along with inflated market values and not expect repercussions, especially on loans with adjustable rates. I am sure most of these people just barely qualified at the inception rate, and could never meet the adjustments down the road. People got greedy, feeling they could get a bigger and more expensive home as they felt they could afford the payment, not considering the future adjustments. That was plain bad judgment starting with the Realtor, the Buyer, the mortgage broker and ultimately the Lenders who created the programs to begin with. They have full underwriting staffs, quality controls before and prior to funding and had the final and ultimate approval of the loan, and you know the rest.

I have seen some of the new Disclosures and they are difficult enough for a broker to understand, so how does anyone feel a borrower can possibly wade though this maize? I feel the process should be made simple, direct and in layman terms so there is no confusion down the road, as it is always easy to say they didn't understand once there is a problem. Keep in mind I am not blaming borrowers, I just feel the whole picture is just too overwhelming for the average person.

Mortgage Brokers have a very real and important role in the industry and for years have played a very beneficial role as an intermediary between borrowers and lenders, Our firm works with the client to help them reach their full potential as a qualified borrower. If there are credit issues, we work with them in guiding them as to how they can rectify their credit issues, usually by referring them to several agencies who specialize in that area. That often means they are not ready at that point to qualify for a loan but by working with these agencies can possibly be ready within 3, 6, 9 or 12 months, depending on their individual situations. They may have too many outstanding debts and need to work to either sell such items as Boats, RV's etc., in order to purchase their home. There are many issues to deal with and rather than submitting a loan to a Lender only to be rejected, we assist in clearing the issues prior to submitting them for a loan approval. This, I feel, is only prudent on our end. Now we have done our job, we have *given* the Lender a good loan and *obtained* a good loan for the client, we are serving *both* parties, but representing *neither!*

My next issue is that of what I consider "unfair business practice" and that has to do with the Disclosures being considered that would only apply to Mortgage Brokers and no other Lending Institutions, and yet we are all in business to make loan to credit worthy Borrowers! How can that be just? And then there is the issue of what is expected to be disclosed and when that disclosure should take place. My understanding is that once a client contacts a broker inquiring about a loan, that broker is bound to issue a Disclosure which encompasses all loan fees in Dollar Amounts not percentages, but all fees involved in that loan known and unknown. What do I mean by unknown? First of all, we have no loan application, credit report or idea of market value, all of which comes into play when quoting a loan. Plus we are responsible for accurate charges for Title, Escrow, their miscellaneous fees and charges, appraisals, credit reports and numerous other fees any given Lender may charge in addition to their loan fees. So we are shooting in the dark and then being held accountable to an erroneous request for financing. To me that is like asking a doctor to perform surgery without ever seeing the patient or knowing their medical history, and then being charged with mal-practice for performing incorrectly! No other lending institutions or mortgage originators are being required to do the same so how is this helping the consumer to compare cost and charges of a loan? Compared to whom or what? This would steer consumers away from brokers, even if brokers offer more favorable loans. How can that possibly be protecting the consumer and how is that making the playing field competitive and fair for the broker? So bottom line, I strongly feel and insist that any disclosures apply *equally* to ALL mortgage originators, not just brokers. (The key word being EQUALLY so as not to give *unfair* advantage to all other mortgage originators).

I strongly suggest for the benefit of all that you consider alternatives to the proposed regulation which would protect consumers in their dealings with *all* mortgage originators and *encourage* competition on price and service.