

From: joellenbranham@aol.com on 04/08/2008 06:50:05 PM

Subject: Regulation Z

April 8, 2008

RE; DOCKET NO. R-1305

Dear Federal Reserve:

PLEASE DO NOT PASS THIS DOCKET NO. R-1305.

IT WILL HURT CONSUMERS AND NOT PROTECT THEM.

I have been a loan officer for 26 years and have worked for banks, savings and loans, a real estate company, and several independent loan brokers. This docket R1305 **WILL NOT PROTECT THE CONSUMER**. Why? Because real estate loan underwriting guidelines are designed to approved borrowers with many different types of credit, income, assets, properties, and more. In many cases, a bank or savings and loan charges the same as a mortgage broker and their profit is not disclosed. Why should they be allowed not to disclosed? Every business makes a profit, why is it wrong for mortgage bankers to make a profit. Nordstrums profit is a lot more than Wal-Marts but no one complains about Nordstrums. But the real reason not to pass R-1305 is the following:

Many of requirements of a loan product are *not known* when an application is taken. *Program underwriting guidelines change* and *borrowers situations change* . If you have to try and out guess everything that might happen in a transaction, then you would have to **err on the high side with R-1305**. Then **it might cause a borrower to pay a higher interest rate and fees**. If fees are disclosed at a higher rate and end up to be less would you require the loan officer to still charge the higher fee or would you want the lower fee to be charged? If a underwriting guideline causes the borrower to pay an increased interest rate or additional points, should we cancel the transaction because there is not enough money disclosed to pay for the loan and it was not disclosed in the beginning? Not all borrowers tell their whole financial situation correctly. Remember, we have *sellers who are packing to move* because they don't know a scenario has changed and the borrower has to pay more. Now we will have more escrows fall out, more borowers denied loans, more sellers unable to sell or move. Not a pretty pictures.

Banks, lenders, title companies, escrow companies, loan officers, real estate agents, **cannot predict** to the dollar exactly what expenses will be charged f any transaction. Every situation is different. Not every loan officer overcharges. I don't. Real estate agents do have a fiduciary relationship with their clients. It is California Real Estate Law.

Remember, FDIC and many other agencies wanted banks to make loans that they would normally be denied. They had quotas to fill and they did. It didn't work. We heard you, we did what you wanted, now you want to try and punish us....only it will cause fewer borrowers to

obtain a loan. The borrowers who would have been denied but because we were under fair lending guidelines to perform and approved these types of borrowers, they were encouraged to buy soon found themselves not able to pay their mortgages. PLEASE DO NOT MAKE ANOTHER BAD DECISION TO CORRECT A BAD DECISION.

If a new tract of homes had a mortgage company that was owned by the builder and those homes went into foreclosure, why not look into why the loans were made and how they were made. Don't blame the whole industry because builders made bad decisions by getting buyers into a house no matter what. Don't blame the industry because we have fair lending laws.

Why don't you consult with mortgage companies, lenders, banks, and savings and loans and find out how to fix this problem. This is not the way.

If you would like to contact me, please call me at 714-357-9506.

Thank you for all your interest and heartfelt concern to correct this problem.

Jo Ellen Branham