

From: <sales@argosynj.com> on 04/08/2008 01:30:05 PM

Subject: Regulation Z

To The Board of Governors of the Federal Reserve System:

I'm writing you to give you my opinion and that of my company on the proposed amendments to Regulation Z. My name is Rick Ellis Jr Our company name is Argosy Financial Group we are a Licensed Professional mortgage banker in Lyndhurst, NJ. Much of our business is based on referrals and repeat client business, Many of our clients own and operate small to medium size companies and need stated loans to purchase or refinance their properties.

While I completely agree and support consumer protection in the proposed amendments to regulation Z, I respectfully disagree with and oppose the proposed amendment that would ban stated loan for self employed borrowers.

I will now discuss these topics and give you an example on how these changes would hurt consumers in the long run.

I believe that by prohibiting stated loans for self employed borrowers would restrict many of these consumers from purchasing or refinancing their loans when in most cases the borrowers do earn the income they stated on the loan application, although when you're a self employed borrower you typically have expenses thus lowering your net taxable income which is what is used in calculating the borrowers ability to repay the loan.

I agree that something has to be done to restrict whom can qualify for a stated loan, Over the past few year stated loans were offered to consumers that were not self employed and did not have sufficient reserves to qualify for the loan they were receiving, which I believe has added the increase number of defaults and foreclosures in the market place.

I think that The Board of Governors of the Federal Reserve System should consider the following items, which will show why we need to regulate stated loan programs instead of prohibiting these loans.

I think that stated loans should only be offered to borrowers whom are self employment and have been in business over 2 years.

I think that stated loans should be offered to clients with a minimum of 660 credit score.

I think that all stated loans should require a borrower to verify at least 6 months of liquid reserves.

I think that self employed borrowers should also have to supply a year to date profit and loss.

Included is a brief example of a client that benefited from a stated loan,

My client owed a paving business which he was the owner operator for the past 18 years. When he purchased his home he took out an adjustable rate mortgage which started to increase after the first two years. Although this client could afford to make the increased mortgage payments, his saving toward his children's education and his retirement had to be reduced. We were able to offer him a stated loan that verified his assets and get him into a lower 30 year fixed rate that gave him back additional money he needed to save toward his children's education and his retirement.

If stated loans were prohibited than so many clients like the above client wouldn't be able to get loans when they deserve them. **Clients in this situation** deserve a stated loan; they can document a long track of self employment and sufficient assets. Prohibiting stated loan would have made it almost impossible for this client to save the additional money needed for his children's education and his family's retirement.

Once again I agree that stated loan programs need regulation but they shouldn't be prohibited, it will hurt the consumers and would negatively impact the already stressed housing market.

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