

**From:** "Mike Hewitt" <mike@divcap.net> on 04/08/2008 01:45:02 PM

**Subject:** Regulation Z

To Whom It May Concern,

As a Mortgage Broker for 25 years, I have seen many ups and downs in this industry. However I think that this credit crisis has been blamed on Mortgage Brokers, whereas the real culprits are the lenders and brokerage houses that put these underwriting guidelines together. If the lenders and packagers didn't issue the guidelines for these types of loans, the Mortgage Brokers would not have been able to offer them to clients.

If the FEDERAL Reserve wants to ban many things that are currently being offered, such as prepayment penalties, negative amortization loans, stated income and No Doc loans, and require escrow accounts, this will only HURT the A borrowers who have shown repeatedly that they can make decisions themselves about what is best for them and make timely payments on their loans.

If you want to protect the consumer, you need to be more diligent in requiring more disclosure from the secondary mortgage market who packaged these loans. A mortgage broker can only give options based on what lenders are offering, we don't make the rules of what's required for lending, but the changes that the FED is considering will only drive small Mortgage Brokers out of business and hurt competition and in the end hurt the A borrower.

The sub-prime borrower is only a small percentage of total home owners and many mortgage brokers did prey on these people, but the professional Mortgage Brokers who look out for their clients' best interests are still in the business and the others have left the industry.

Now with these proposed changes you are trying to force the good Professional Broker out of business and give less options to A borrowers. It's the A borrower that will be hurt by this legislation, and **this will only continue to worsen the Housing crisis not improve it.** If many of these A borrowers who financed with stated income and No Doc loans are locked out of future financing or refinancing because they can no longer get a stated income loan, then who is hurt?

Additionally, the proposed change to reduce the maximum rate to 3% over the 10 year Treasury, which is about 6.5% will in effect shut out lending for jumbo loans. Since rates for the new Agency jumbo loans and jumbo loans is over 6.5% currently, that would mean these loans would be considered high cost loans, which again would only hurt the consumer.

The appraiser situation is paramount. If the Mortgage Broker cannot discuss anything about the appraisal with the appraiser, how would this benefit the borrower. Appraisers need to abide by the very strictest of rules and lenders are very careful about scrutinizing the appraisals from Mortgage Brokers. If you cut out this relationship between Mortgage Broker and appraiser, you are hurting the whole real estate industry, because of a few bad apples. It was not the fault of the appraisers or mortgage brokers, the majority of transactions are done without issues, it was the low interest rates that fueled the buying frenzy where houses were being bid up much more than

asking prices. The same thing occurred in the melt down of the stock market after the dot.com frenzy, did you legislate the stock brokers after that?

One other item, you want to have the Mortgage Broker disclose his fees, however the banks would not be required to do that. Why would that be fair to anyone, including the borrower. This would appear as if you are siding with the banks, who with the secondary market are the ones who dreamt up all these "exotic loans". It would make things totally confusing for disclosure purposes for consumers while shopping for loan options, and they are the ones you want to protect.

The consumer wants options, they do not want to be told what they can and cannot do, many consumers do not want the taxes and insurance impounded, especially high net worth borrowers and borrowers with good credit scores.

This is the United States of America, the land of the free. Please keep options as they are currently and allow consumers the freedom to look at many options and make the final decision.

Sincerely,

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