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Subject: Regulation Z

The proposed changes to Regulation Z do not benefit the customer. They will make obtaining a loan secured by a consumer's residence more cumbersome and inconvenient.

Decreasing the rate spread as proposed would make more loans subject to the requirements under Section 32 (HOEPA) which would increase the delay in closing the loan. Customers would have to wait three days prior to closing the loan, and an additional three days after closing the loan (due to Rescission requirements) before they could receive any proceeds of the loan. That would create problems for many borrowers who need to receive the proceeds faster than that.

The customer would also be burdened by additional disclosures and paperwork. Most of the disclosures provided with a loan transaction are not read by the borrower. The lender covers the basics of these disclosures verbally, but most borrowers are not really interested in reading all of the legalese contained in them because it is too confusing or long.

Further, forcing customers to have escrows set up for taxes and insurance would be costly for the banks to maintain and inconvenient for the customer. Banks are not a non-profit organization and would need to pass the costs of maintaining these forced accounts on to the consumer.

Additionally, banks historically are fairly conservative and remain within the 80% - 90% loan to value ratios. Banks are most often concerned with establishing a relationship with the customer that extends beyond one transaction.

The mortgage companies and brokers are usually transaction driven and more likely to push borrowers into 125% loan values and charge the customers additional fees. These same companies and brokers also encourage the constant refinancing with hidden costs so the consumer never will have the opportunity to pay off their home, especially as rates climb.

In short, the proposed changes will not reduce or eliminate the current *mortgage crisis* nor will they protect us from a repeat of the situation. They are a shot-gun approach to fixing a problem generated by unexamined mortgage companies and brokers and an unregulated secondary market. A better approach would be to start holding mortgage companies and brokers accountable so the consumers are not seduced by unscrupulous lenders.

Increasing regulatory requirements for banks will not fix the *mortgage crisis* and will not help the customer.