

From: "Michael" <Michael_kapp@hotmail.com> on 03/07/2008 07:10:02 PM

Subject: Regulation Z

I AM WRITING TO YOU REGARDING YOUR PROPOSED AMENDMENTS TO THE REGULATION Z.

DOCKET NO. R-1305.

WHILE I UNDERSTAND YOU ARE TRYING TO DO THE RIGHT THING TO PROTECT BORROWERS' FOR MORTGAGES, YOU ARE PUTTING UNFAIR PROCEDURES IN PLACE THAT WILL HURT THE VERY CONSUMER YOU ARE TRYING TO PROTECT. HERE ARE MY VERY IMPORTANT THOUGHTS:

YOU CANNOT ASK A LOAN OFFICER TO ENTER INTO A VIABLE CONTRACT WHERE THE LO IS ASKED TO DISCLOSE THE INFORMATION YOU ARE REQUESTING IN ADVANCE OF THE LO TAKING A LOAN APPLICATION! A LO CANNOT EVEN QUOTE A RATE WITHOUT KNOWING THE BORROWERS' THREE CREDIT SCORES, DUE TO THE NEW COSTS THAT FNMA HAS ATTACHED TO INTEREST RATES, JUST BASED ON A BORROWER'S CREDIT SCORES. HOW CAN WE QUOTE A FAIR FIRM RATE AND DISCLOSE ALL COSTS INVOLVED WITHOUT OUR SEEING THE LOAN APPLICATION TO DETERMINE RATIOS TO QUALIFY? WE NEED TO SEE PAY STUBS, W2'S, BANK STATEMENTS, TAX RETURNS - IF THEY ARE SELF EMPLOYED - ETC... TO DETERMINE EXACTLY THE PRODUCT AND RATE TO QUOTE AND DISCLOSE. HIGH RATIO LOANS CANNOT BE DONE MUCH ANYMORE DUE TO THE "SUDDEN" CHANGES NOW COMING DOWN FROM THE SAME ORGANIZATION(S) THAT CREATED THE LOOSE GUIDELINES FOR LOAN QUALIFICATION IN THE FIRST PLACE!

THIS INITIAL DISCLOSURE YOU ARE ASKING FOR WILL VERY RARELY BE ACCURATE WHICH DEFEATS THE PURPOSE. ALSO, WHY ARE YOU ASKING FOR THE LO, BUT NOT BANKER? TO DISCLOSE OUR WHOLESALE PROFIT IN ADVANCE OF EVEN KNOWING THE EXACT DOLLAR AMOUNT? AND YOU THINK THE BORROWER IS GOING TO BE ABLE TO "COMPARE" THEIR DEAL "ACCURATELY" BASED ON HOW MUCH MONEY A BROKER ANTICIPATES THEY WILL MAKE ON THE RATE? TALK ABOUT CONFUSING THE BORROWER!

SO PLEASE FOCUS HERE: THE BROKER CANNOT MAKE AN UNREASONBLE "PROFIT" I.E. YIELD SPREAD PREMIUM - IF THE RATE THE BROKER QUOTED IS TOO HIGH TO BE COMPETITIVE! IF THAT IS WHAT YOU ARE WORRIED ABOUT, THEN DON'T WORRY, BECAUSE TO BE COMPETITIVE A BROKER HAS TO QUOTE A MARKET RATE AND MARKET FEES TO SUCCESSFULLY GET THE BORROWER TO LOCK THE LOAN.

IF BORROWERS WILL WORK ON A "REFERRAL BASIS" TO FIND A MORTGAGE

BROKER, THEN LEGISLATION IS NOT EVEN NEEDED. I DO NOT NEED LEGISLATIVE DISCLOSURES FOR ME TO DO THE RIGHT THING FOR MY BORROWERS! YOU ARE EITHER HONEST OR YOU ARE NOT, WHETHER YOU ARE A MORTGAGE BROKER OR A FED RESERVE BOARD MEMBER, IT DOES NOT MATTER WHAT YOU ARE. BORROWERS ARE THE ONES WHO NEED TO CAREFULLY SELECT THEIR LENDERS / BROKERS. IT WORKS BOTH WAYS AND THE SAME PERSON YOU ARE TRYING TO PROTECT - THE BORROWER - IS ONCE AGAIN GOING TO BECOME THE VICTIM AGAIN, BECAUSE YOU ARE SO CONFUSING THE ISSUE AND IT IS SAD. AND IT IS THE BORROWER, WHO SHOULD ALSO TAKE ON SOME RESPONSIBILITY HERE AND QUIT PRETENDED TO ALWAYS BE THE VICTIM, WHEN THEY DID NOT EVEN TAKE A MOMENT TO DO SOME SIMPLE DUE DILIGENCE REGARDING ONE OF THE MOST IMPORTANT DECISIONS OF THEIR LIVES.

I HAVE ALLOT MORE INFORMATION TO SHARE WITH YOU TO HELP YOU ACCOMPLISH WHAT YOUR HONORABLE GOALS ARE, BUT YOU ARE VERY MISGUIDED IN YOUR POTENTIAL IMPLEMENTATION ON THIS MATTER AND I HOPE YOU WILL REALLY UNDERSTAND WHERE I WAS TRYING TO GO ABOVE THE MARKET - THE WAY IT IS - CONTROLS THE VERY PROBLEM YOU ARE SO CONCERNED WITH! ALREADY!

PLEASE FEEL FREE TO CONTACT ME ANYTIME ON THIS VERY IMPORTANT ISSUE.

I TRULY HOPE MY LETTER WAS READ. I CANNOT SEEM TO DO "SPELL CHECK" ON YOUR COMMENT SECTION SO EXCUSE ANY TYPOS IN THIS PASSIONATE NOTATION, I REALLY CAN STRING A SENTENCE TOGETHER - PROMISE!

MOST SINCERELY AND RESPECTFULLY SUBMITTED,

MICHAEL D. KAPP / A VERY GOOD MORTGAGE LOAN OFFICER.