From: "Keith Caylor" <kcaylor@sunstatemtg.com> on 04/08/2008 01:25:03 AM

Subject: Regulation Z

Dear Sirs:

While I am totally supportive of full disclosure, consumer education, and providing the public with useful information to help them make intelligent decisions, I find many of the proposed changes ponderous and virtually unless to the average consumer.

In addition, I need to comment that the playing field needs to be level for all lenders. The continual bashing and blaming of Mortgage Brokers for most of today's problems is both incorrect and an attempt on the part of large lenders, the Agencies, Wall Street and others to deflect the blame for the shortcomings of the mortgage business to the little guy. Are there bad Brokers, certainly, however, if Wall Street and the large investment banking firms would have used any amount of due diligence we wouldn't be in a severe a predicament as we find ourselves now.

I have been a lender for thirty years and have run everything from small Brokerage operations to large Mortgage Banking operations. I have personally been responsible for the origination of somewhere in the neighborhood of 10,000 loans throughout my career and have run organizations that have originated many billions in loans during that time.

I was part of the development of the first balloon products offered by Fannie Mae. I was also part of the development of what was called the "option ARM" the last few years. Unfortunately, this product was severely misused, misunderstood and misrepresented over the past few years.

My principal comment is that using APR as an evaluation technique for a consumer is completely meaningless for the following reasons.

1. Most of the lending community has no clue of what it truly is designed to do and frankly doesn't care.
2. Very few lenders actually know how to calculate an APR.
3. Very few lenders can adequately explain APR to a consumer.
4. Very few consumers care about APR. They want to know what their rate will be, what their payment will be, how much the loan will cost them, and how long will it take them to recover those costs.
5. When you try to explain APR to a consumer or on the rare occasion that a consumer actually asks, your explanation receives a "deer in the headlights" response. I am very good at putting things in terms the consumer understands, and that's that response I normally get.
6. APR is so easily manipulated it becomes worthless as an evaluation tool.

As an example, I originated a fixed rate loan for the President of one of the Federal Home Loan Banks. At the closing he brought his own attorney. Four of us calculated the APR on this loan; one of his staffers, his attorney, the closing attorney and I. Each one of us had a different answer and the disparity was by almost 3/8 of a point from the low to the high and no one could agree on what the real correct answer was. Imagine the challenge for the average man on the street.

Finally, I would suggest that you also view the comments of the CMPS Institute. They have done an in depth analysis of the proposed changes and have some insightful
Suggestions that would better serve the consumer and the industry. I agree with their comments and suggestions. They can be found at http://www.cmpsinstitute.org/pdf/CMPSCommentsforFRB.pdf.

Sincerely,

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