From: "Dan Clifton" <danclifton@cliftonservices.com> on 04/08/2008 09:55:04 AM

Subject: Regulation Z

My name is Daniel F. Clifton and I am a licensed mortgage broker in Maitland, Florida.

I am writing to voice additional comments on Docket No. R-1305. While I support new stringent licensing requirements and improved disclosure with actual enforcement for broker who do not disclose properly, I believe that your current proposals to amend Regulation Z will have an extreme adverse impact on the American Home Owner and those perusing the dream of owning a home.

Specifically, there are new APR triggers set at 3% (1st mortgages) and 5% (subordinate mortgages) above the 10-year U.S. Treasury. The 10 Year US Treasury currently stands at 3.51. This would make a loan with a rate of 6.52 a high cost loan. As you should be aware, Fannie Mae recently introduced their new Loan Level Pricing Adjustments (LLP's), which I have attached here. The LLPS, combined with a cap to the APR of such magnitude will force the average borrower with credit ranging from 620-719 into a loan where they are forced to pay discount points. In most cases paying discount points upfront cost the buyer more than they will save over the average life of the loan (homes are sold on average every 4.8 years and loans are refinanced on average every 3.2 years). At the very least the consumer should have the choice of taking discount points in exchange for a lower rate or taking a higher rate with no discount points. Your provision will take this choice away from them and force them into a take it or leave it proposition. For the average American that does not have excess funds to pay for discount points this is a poor proposition.

In addition, your proposed changes will eliminate state income and no documentation loans in any instance. This unfairly penalizes millions of people who are the life blood of America, namely self employed small business owners. Self employed individuals are qualified full documentation by averaging 2 years of the net income on a Schedule C (sole proprietor) or 2 years of K-1 Pass Through Income on average plus 2 years average of salary. Due to income tax rules and laws, small business are able to deduct qualified expenses that in 90% of the instance shows a loss on the Schedule C or the K-1. As you can imagine, it is very difficult to qualify for a loan when one has negative income. The vast majority of these business owners have credit scores over 700, pay their bills on time, live with in their means, purchase real estate, consume products and provide employment for over 115 Million Americans according to the us census bureau in 2004. It is unfair to penalize them by eliminating stated income loans when they are legally working within current tax rules, laws and regulations. You will prohibit Americas best consumer from buying a home and all of the associated products and services that go along with it. That does not sound like a good way to stimulate the economy to me.

I thank you for your time in considering my comments.

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