

My name is Cher Lineberger and I have lived and worked as a mortgage broker in Catawba County, NC for the past 11 years. My home town is a little old town of Maiden, NC.

I agree that there needs to be some mortgage reform when it comes to all originators in all business – whether it be the local savings and loan on the corner or one of these “internet” mortgage companies, or the “big” direct lenders like Countrywide. If a person goes to get a loan from these lenders, they should be presented with the exact same paperwork – so as to cut down on the confusion. I’ve had customers bring me many other mortgage companies or banks, good faiths, etc and none are any where close to being similar, which does confuse the customer.

Consumers do need protection, but they need protection in all categories, not just mortgages, which is the only category the Federal Reserve seems to be ripping apart. I know of clients that have gotten into worse financial shape because of the advice of a lawyer or CPA, versus a bad mortgage experience.

I OPPOSE the existing proposal for the following reasons:

I personally have had to have stated income loans over my lifetime and have closed dozens of stated income loans for other clients that were in dire need of a mortgage loan and their local bank could not help them because their tax returns stated they did not make enough money. One was an anesthesiologist who makes over \$150K a year, but after write-offs on his tax return he did not show he made as much money as he really did. Unfortunately, banks do not look at gross income like they do on a w-2 borrower, they only look at net income. Funny thing, they only look at gross income if you have a w-2 wage earning job....weird, huh? See why a legitimate person that truly makes a lot of money would need a stated income loan? They are not “lying” about their income, it’s just reported differently than the average “joe”. But here lately, more and more people are in multi-level marketing companies or work from home on a 1099 or get a 1099 for sub-contract work or are self employed. The days of “corporate” America workers are over, since all of “our” corporations are being run out of China or India. So, this leaves borrowers making money however they can and when they file their taxes and have legitimate write-offs to decrease their gross income, you better believe they are going to take advantage of it.

Let me tell you a story, I had a borrower call for an application, I asked them about their job, income, etc and was trying to qualify them to purchase a home. He said he worked for a builder and make a certain amount of money per hour, etc. I finished the application, I pulled his credit, ran his approval through a few different automated underwriting systems, compared four different loan programs that he fit under and laid them out on a spreadsheet with the different rates, payment, mortgage insurance options, etc. As you may not know, the PROGRAM a person qualifies for determines their rate and whether or not they have mortgage insurance, etc. So, different mortgage programs = different rates.

I called him back we set a time to meet and we went over his options and we decided what would be the best for him and his family. I issued him a pre-approval letter, gave him a list of documents that I needed for his loan and he went house shopping. When he dropped off his documents, in those documents, were his paystubs. Those paystubs did not have taxes taken out. He was actually a 1099 subcontractor, therefore self-employed in the eyes of underwriters and no longer a w-2 wage earner as I had originally had him approved and priced his loan for. So, I called him back (after I had re-ran his loan again to make sure that he could get another loan) and we went over his options again.

Do you know that he has been my client for seven years, he now subcontracts through 10 different builders and is very successful. Now, of course, all stories are not success stories, but my point is that he and his family would not live in a house, be homeowners and be building equity had I not been able to do a "bank statement" program for him. (like a stated income loan)

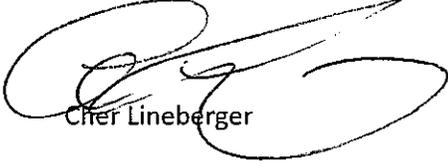
Our customers have no clue what we do, as most people don't and they sure don't know the difference between us and a local bank or a internet lender – this is why all originators in all capacity's should have to abide by the same rules such as licensing and disclosures. The realtors do this, so should we! You go from realtor to realtor office and they all had to get their state realtors license and they all have to use their Board of Realtors approved state form. I have never walked into a realtors office and gotten a different form than the realtor down the street. Banking is not that way, and it should be.

By using my above scenario, you can see how I could not have priced this loan and guaranteed his pricing would not change, even after I had taken the application. That's like me walking into the Honda Car Dealers lot and saying, I will buy any Honda on this lot, but before you know a single thing about me, how much money I will put down (if any) and if I have bad credit or good credit, you can guarantee me a loan for that car and the terms to go with it. They would laugh in my face. The same is true, but on a much higher level in the mortgage industry because we have no idea about their financial status, their credit, the price or loan balance and fifty million other things that can affect pricing. Especially now with Fannie Mae and Freddie Mac's credit score pricing system! Wow, I've got a borrower that is getting hit with a .50 point because his score is a 712, not a 720. But, you have to know this now to price the loan accurately.

Let's keep our options open and figure out other alternatives to this proposed regulation which will ultimately cost consumers.

Thank you so much for your consideration and time on this matter.

Sincerely,

A handwritten signature in black ink, appearing to be 'Cher Lineberger', written over the printed name. The signature is stylized with large loops and a long horizontal stroke.

Cher Lineberger