

# Private Money Mortgage Corporation d.b.a. PMM



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April 8, 2008

Board of Governors  
The Federal Reserve System  
Proposed Rule amending Regulation Z (73 Fed Reg. 1672)  
**Docket No. R-1305**

To Whom It May Concern:

The current “melt down” of our credit markets as alarming as it may be for some to absorb; is not as shocking an event as it may appear to most. In retrospect, you may say that the implosion of the Sub Prime markets is but a wake up call to all who continue to abuse credit, whether it is in the private or public sector. Freedom demands responsibility and the responsibility of which I speak is financial responsibility. We, as individuals, as well as municipal, state and federal governments have for too long “borrowed our way” out of recession/financial hardships. This avenue for individuals may have been possible in an age where homeownership rates have greatly escalated and property values allowed us to finance our personally increasing debt loads. Today however is the day when the bill comes due and the equity is no longer there.

Responsibility for the credit crisis lies with each entity who “ran up the bill”. Responsibility for the clean up lies with those who abused the privilege of credit. The proposed rule places the responsibility of the consumer’s credit choices upon the originator instead of the credit abuser. I know that these comments are NOT what you wish to read nor are they probably wise in making as I seek to have you correct certain inequities in your flawed proposal. I understand that Consumer Advocacy demands that the public be protected and that all businesses become responsible for any actions or inactions of the consumer, at any cost. Yes, give them the freedom to choose but if they choose wrongly, blame the storeowner. Please consider that NOT everyone should be a homeowner, some people are better suited to be tenants just as not everyone should go to college, some should go to trade school. Similarly not everyone who chooses a mortgage product will choose wisely and yes, there are negative consequences to imprudent choices. The state of the economy today is evidence of this fact.

I therefore ask you to consider the fact that many of the factors, which contributed to the laxity in credit underwriting that, allowed “almost any living human being” to obtain a mortgage loan, no longer exist today. The implosion of the Sub Prime Markets along with the severe tightening of underwriting standards as well as FNMA/FHLMC appraisal restrictions and the economy in general has created an environment in which the need for your unlevel application of standards upon similar competing origination stations is not needed any more.

The proposed rule requiring additional disclosures goes contrary to survey conducted in 1999 and 2000 by Consumer Interests in which the data refutes the assertion that it is said to support. More disclosures simply confuse borrowers into making unwise costly mortgage choices.

It is far better to vigorously enforce current consumer protection and anti fraud provisions as well as promoting of the FTC enhanced disclosures to be given early in the mortgage process.

Of great concern is your method or definition of what constitutes a “higher priced loan”. It is my opinion that you are using the wrong index and in keeping that index, almost all FNMA/FHLMC loans could be determined to be high cost under certain

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pricing scenarios.

It is unwise to legislate the type of products which an investor may make available to consumers. It is far better to regulate the issuance of a disclosure in which the borrower acknowledges the details of his/her mortgage instrument. There is a need for no income verification loans as well as no doc loans. There is however no need for such a loan for a simple wage earner. The markets got carried away by making some exotic mortgages available to all types of borrowers with varying credit experience and asset bases. I am sure they will not repeat this error as the secondary markets are and have paid dearly for their creativity in selling these securities to investors.

Uniform application of existing Federal Laws as well as mandatory continuing education and licensing for all originators, especially Federally and State exempted originators who work for the largest Financial Institutions where the greatest abuses have taken place will go farther in correcting perceived wrongs than implementing your proposals.

Proposals in RESPA have made it imperative for you to review your proposals so that you may be in a position to see how their implementation will require changes within your own proposals so that they become meaningful and not meaningless. I would ask that you also review your comments pertaining to "coercing of appraisers". The emphasis should be upon the party committing the fraud and not the originator. Why should the person committing the fraud obtain a get out of jail free card and allow him/her to blame their actions upon someone else?

I thank you in advance for reviewing my statements and concerns as they relate to your proposal and the current trend in consumer protectionism as well as the freedom without responsibility that is being granted to everyone living in the USA today.

Sincerely,

Frank Donahue

*"If it makes sense we'll fund it"*