From: "Laura Hall" <lhall@cimginc.com> on 04/07/2008 06:50:05 PM

Subject: Regulation Z

Comment Letter

RE: Proposed Rule Amending Regulation Z (73 FED>REG, 1,672, January 9 ,2008)

To Whom It May Concern:

I am writing this e-mail to express my concerns regarding the above pending rule to Regulation Z. The Federal Reserve has taken on a huge challenge of trying to implement consumer protection and new regulations to protect consumers. However while trying to protect the consumer, the proposed regulation will only the harm the very consumer it is trying to protect. Access to credit markets will be severely limited, which in turn will not allow the average consumer the dream of home ownership. The consumer seeking a mortgage does need protecting, but not to the point of hindering the ability and affordability of obtaining a good loan. Common sense underwriting and the stricter guidelines set in place by the free market system will eliminate the problems that have occurred recently in the mortgage industry.

Since we are located in North Carolina, we understand the trigger issues and the new category of lending very clearly. IT DOES NOT WORK!!!!! Contrary to some groups that pushed for this ridiculous law, it only limits the consumer's options to low cost loans and harms the very people they are supposedly trying to protect. Since the time the Federal Reserve wrote this proposed rule and our law 1817 went into effect, huge and sweeping changes have taken place in lending in North Carolina. The new law has so many restrictions that especially pertain to government loans and veterans who so proudly served our country, now cannot get a VA loan which is a part of their benefits. Law 1817 puts into place caps on percentages of fees charged on loans, which include the VA funding fee and makes it nearly impossible for lower income families to get a great VA loan. Fannie Mae has made sweeping reforms as well and if a borrower has a 620 credit score, there is an additional 2.5% to the price of the loan! This direct hit to the price and therefore subsequent rate is in addition to the other pricing adjusters to any given loan used by ALL LENDERS. The average American will find it impossible to get a decent loan and rate. This is NOT consumer protection, rather a form of elitist selection, where only the borrowers with excellent credit (above 720) and with substantial assets to put towards a down payment and a larger loan will be able to obtain a good loan at a good rate. The average American who desperately wants to achieve the American Dream of home ownership will only be charged with higher rates and the very real probability of not even be able to get a loan. If this average American borrower happens to be self-employed (again another American Dream of owning one's own business) the availability of loans will be few and far between, if at all.

The next issue I would like to address in opposition to the proposed rule concerns the availability of options in the market place for the consumer. This proposed rule will in effect impede competition and creates huge disadvantages for the consumer, the very party this rule is supposedly trying to protect. This rule creates wide disparities by treating mortgage brokers differently than mortgage bankers and moreover, bankers themselves, who all receive indirect compensation from the lending institutions. This proposal is condoning the banking employee to steer the consumer into a higher rate loan product, while it is not allowed for mortgage brokers. This practice will be discriminatory with a prejudicially biased intent to put mortgage brokers and their business entities/affiliates out of business. Mortgage brokers originate approximately 70% of all residential mortgage loans in the country. If this happens, it will be easy to predict the effect on the economy, unemployment claims in addition to the impact on the other leading economic indicators. We use the same lenders as the bankers – and please remember that banks broker loans too!!!! Mortgage brokers offer significantly lower rates than banks and yet this rule singles out mortgage brokers specifically and clearly shows preferential treatment to the other lending institutions.

This has been compiled without regard to the effects on the consumer and spurred by special interests. Banks and other interested parties are in direct competition with mortgage brokers, and have had a huge influence in preparing this document. The bankers are the only beneficiaries of this rule. Again bankers receive the indirect compensation from the same lenders as brokers do and are not required any disclosure to the consumer. If this rule goes into effect as written, the entire nation will experience what North Carolina has already started to experience with the passing of Law 1817. Many lenders have stopped doing business in North Carolina completely, in addition to the strangling effect this law is having on government loans (VA and FHA). Untold numbers of consumers in North Carolina have already been affected since this law. Serious repercussions will be widespread throughout our industry and communities and one must ask if this is the true intent of the rule.

Sincerely,

Laura Hall
Sr. Mortgage Consultant
Corporate Investors Mortgage

1526 E. Franklin Street Suite 201
Office: (919) 929-6116 x 236
Cell: (919) 417.6869
lhall@cimginc.com
www.cimginc.com