

From: WestCal Mortgage Corporation, Donna Haradon
Subject: Reg Z - Truth in Lending

Comments:

To Whom It May Concern:

After reviewing the proposed rules for Regulation Z; Docket No. R-1366, I would like to comment:

After the home buying and refinance rush of 2003-2007, many abused the system, many of these were the actual lenders, investors, secondary marketing, bond insurers, and those who packaged mortgage backed securities - these are the folks that through their greed set up very unrealistic programs and made millions of dollars doing so. It opened a whole market for many bad and fraudulent people to jump into the mortgage market arena to profit in many unfair ways. It additionally brought out the greed of the borrowers.

As we are all feeling the huge negative impact of no oversight on these very un-realistic programs and guidelines, the government, federal reserve, FNMA, Freddie Mac and HUD have jumped in to try and overload regulation that is basically too late. Those days are over and gone. The damage was done and we all know what happened. We are all paying for it now. Once home prices started dropping, it all came tumbling down.

Allowing borrowers to purchase homes and refinance as stated income, stated asset, little to NO money down (or no equity) and not paying attention to credit scores was a huge mistake - made by the very lenders and investors whom are now trying to blame mortgage brokers for everything that went wrong.

As so many mortgage brokers (many bad ones) jumped back OUT of the market as soon as the market changed - much of what is left is good mortgage brokers who have always done a good and fair business. Mortgage Brokers who have a good client base because they are reputable and fair in dealing with their clients.

The mortgage market is competitive and it is so important to have mortgage brokers. A good Mortgage Broker is able to shop rates, programs, parameters and guidelines for a potential borrower. These borrowers also shop their own bank, credit union and other avenues for competitive rates. Good mortgage brokers still can offer more options and competitive rates for their clients.

As far as Yield Spread Premiums (YSP's) , to remove YSP's will actually costing the borrowers more money in many cases. To remove YSP's would not allow a borrower to get a zero point loan. We give borrowers a choice on paying 1 point and paying no points to compare. Borrowers who are purchasing homes are working with limited resources and for them to cut closing costs is huge. On average it takes up to 4 + years to recoup the difference in paying 1 point, vs. paying no points.

Another huge concern is the level playing field with Mortgage Brokers vs. Banks. Banks will be able to do as they wish - set up their own system for

paying points vs. zero points and compensate their loan officers as they wish, all under their own system. This entire regulation and proposed plan is another move toward getting rid of Mortgage Brokers completely. Will we all be working with 5 or 6 huge banks who make all mortgage loans? What benefit is this to consumers? What benefit is this to free enterprise? What benefit is this to hard working Americans?

In all that I have read on all the government plans and proposals to try and fix a problem that is "too late" for those booming years, its all states that the "poor consumer" didn't know what they were getting, they didn't understand, they were taken advantage of, etc. This is only true in a small portion of the cases. In most cases, people risked their own families financial well being over greed. They bought houses way over their head. They knew they didn't qualify, they knew they probably couldn't make the payments for long. Many buyers bought because the government made plans too easy for them to get into houses. Many borrowers and home buyers that we worked with during the boom years, went to another lender when we told them they didn't qualify. The borrowers understood much more than the government is giving them credit for. It is easy to say "I didn't understand" after the fact. Americans are getting loan modifications for buying what they knew they couldn't afford, and Americans who play by the rules, do the right thing and don't overextend are paying for it now.

The government doesn't limit incomes and pay scales for most all other businesses. Where is the free enterprise? There is good and bad in EVERY business and profession. We stand by being the good guys!

As a Mortgage professional for 30 years and a small business owner , I am strongly contesting this plan. This is government intervention at it's worse.

Donna Haradon - President
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