

From: Dan Holland
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Comments:

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The problems with mortgages and appraisals will never go away until the laws are changed to require the originating lender to maintain the bottom 3-10% of the mortgage until it is paid off. Lenders do not care about quality because they do not have, for the most part, anything at risk when the mortgage is sold into the secondary market. A broker with \$40,000 in net worth can originate millions in mortgages each year. Only when their investor's money is at risk will they care about appraisal and asset quality. More Reg Z and TILA will not make any difference. The problem is one of fundamental structure of who holds the risk and it is not the lenders or the brokers - their income is structured on originating fees, not long term viability of the asset. Dan Holland