From: INTRUST Bank, Joseph (Joe) F. Eaton

Proposal: 1443 (RIN 7100 AD 90) Higher Risk Mortgages

Subject: Reg. Z - Interagency appraisal requirements for higher-risk mortgages

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Comments:

Board Members:

It is with great restraint that I comment on the latest bombardment of regulatory nonsense, the additional appraisal requirements for higher-risk mortgage loans. The whole theory is flawed.

1. Freddie Mac and Fannie Mae had it right for so many years by using common since and simple math. The 25%/36% ratios worked because the math worked with no political interference. Credit qualification was pretty simple too.
Then came congress, judicial and executive branches ordering the GSE's to make $500 million annually of "affordable" loans. Translated that meant loans to unqualified borrowers in response to the national homebuilders, real estate agents and mortgage brokers trade associations to artificially support the down housing market. Now that the bubble popped the blame goes to those lenders asked to make the loans and, by association, the appraisers. Fraud was easy for some but the vast majority of the lenders and appraisers were simply doing their jobs in a market controlled by congress and others via GSE's.
2. Additional appraisals are rarely of little value and the borrower's appraisal is completely worthless as they cannot use them to influence the lender or lender's appraiser because federal regulation prohibits it. It is ruled a conflict of interest.
3. The interest rate thresholds are ambiguous and arbitrary. Who ever thought 1.5% was considered an exceptionally higher interest margin when credit cards and other financing is commonly 6% or more over prime? We need to get away from unqualified people who never made a loan in their career inventing regulations that the consumer does not want or understand.
4. Solution.

A. Prosecute to the fullest the truly guilty lending officers, real estate agents, builders and appraisers caught in fraud.
B. Only allow supervised lenders to make long term secondary home loans.
C. Turn back the clock for Freddie Mac and Fannie Mae and let simple math and credit decisions make the market work. Leave politics out of the equation.
D. When housing markets have a down turn, fix the economy don't artificially influence it by changing the qualification rules and interest rates. WE may go through times of fewer homebuilders, fewer mortgage lenders and fewer real estate agents, that's life in supply and demand economics get over it and live with it.

Thank you for the opportunity to express a totally frustrated view of the proposed rule.

Regards,

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INTRUST Bank