From: eldon craig <craigflorida@hotmail.com> on 04/03/2008 04:50:03 PM

Subject: Regulation Z

My name is Craig Neudorf. I have been a mortgage broker since the summer of 1975 in Floruida. I received my green card April of 2005 . The day after receiving the Green Card in Jacksonvilee, Fl I got a job in Orlando as a mortgage broker on a condo conversion. The head of the realty company there likely went to jail because he stole from partners in a previous deal from Washington DC area. Then the project had to little sales and too late. I lost most my loans and my wife. So I worked for mainstreet. 300 employees and close to 30 mortgage originators and brokers. Most were not licensed. Then they hired 100+ mpre originators. So few had a clue what they were doing. The Realty company pitched REITS and other schemes, but they were not registered. My job was to find banks, advise, do mortgages etc. I got $50,000 salary and bonuses. The executive of the realty company turned out to be criminal. Unlicensed and off to jail for 7 years. He forged his name on a land deal, took money directly from escrowed accounts (the bank of america should NEVER have allowed this). Then a realty company made be VP in charge of running company entirely and I was to receive 1/3 profits with a partner I was with. We had exclusives to sell condo hotels. The terms of the sales were in dispute between the devloper and selling realtors and $170,000 fell from my grasp. The level of intrigue, back stabbing etc was phenomenal.

I saw a lot in my first 12 months working in America. And I have strong opinions.

It is hard not to get angry, when major institutions and advocates so dishonestly represent the causes of problems to lawyers and lawmakers who may take into consideration the interests of their guild. This is likely NOT one of those pieces of legislation, where the legal guild has much of an interest, but it certainly is the work of major institutions.

THE BANKS!
The banks created ALL the loan problems. They sell STATED programs where you state your income. This risk factor is borne by the investors who they flip the loans to. Only when a loan goes sour, does the bank go running and try to SAVE THE $200,000 dollar loss. They are disgusting how they do it. Their account representatives who originally tried to grab all loans and underwriters are not held accountable. They try to find a paper anomaly with the mortgage broker. Account Executives (AE's) get everyone including clients excited. So money is in escrow, realtors and developers and brokers are working hard. But bank underwriting may have no intention of doing the loan, or they may do it..who knows? The AE's keep saying we can do it (they get a BIG commission) and this is a big problem.

Banks barely disclose anything. Does the consumer see the banks overhead cost factored into the loan? The bank's total administration bill? Its earnings upon selling the loan? How is this factored in if the bank only actually lent the money for a few weeks?

They then package and sell loans. People have no idea the bank is warehousing loans and flipping them. Then, borrowers repeatedly get worrying news: that they must send thier payments to a new place for their bank loan is xyz company; over and over this happens on the same loan for a property. Then, if they try to refinance, it is a nightmare obtaining loan information.

Banks sold horrible loan packages to their investors. They lost hundreds of billions. Now they want federal bailouts and to reduce their greatest competitor, mortgage brokers. SHAMELESS. AND, they are nothing more than mortgage borkers themselves in many ways, without the same disclosures. Why even bother going after mortgage brokers? Most are long gone from the industry! It is a false step.

THE REAL ESTATE MARKET
You can buy stocks, bonds or real estate. Stocks are mostly bought dollar for dollar. $5,000 gets you

$5,000 worth of stock. Lose the stock, lose the $5,000. No compensation.

I have seen several real estate crazes in canada and now one in the USA in the past 40 years (I am 52). They are all the same. The buyers get so excited and at the end of the cycle want to buy so badly. It is as crazy as the peak of a stock craze. When banks were offering STATED programs at INTEREST ONLY RATES AND LOW INTRODUCTORY RATES (not even interest only rates) and this was ADDED to the leveraging effect of lending in general, it was similar to a GUARANTY, a GUARANTY there would be a period of a reckless spending followed by a meltdown. Baby boomer inheritances were flowing in and the federal reserve was stoking a supply side economy. Major European banks came in for the party with even cheaper money (they got destroyed in their arrogance to outdo the home banks) The outgoing governor claimed he tried to stop it. I disagree, he did not REALLY try.

Realtors took checks from customers like time share salesmen. Told clients the law gave them 15 days to rescind their purchase (in my state of Florida) and like time share salesman, turned their phones off for 15 days. So, the banks offered everybody loans (whether they would do them was the only real question) and realtors grabbed all kinds of crazy deals. IN BETWEEN WAS THE MORTGAGE BROKER. He was expected to find a bank who would do the deal. Realtors would tell their clients how to get a business line for their stated loans, some even set up business lines for clients to use. AE's for banks advised mortgage brokers to not state income close to the required loan amount, but have clients really make a big STATED amount to ensure that STATED AMOUNT was sufficient.

Clients with multi purchases would not be able to use second home rates. SO, bank reps would take (1 loan) and advise to take the others else where.

NEVER in my life did I see an AE EVER get offended in the least over the amount stated on a loan OR over the fact that someone was buying several properties but the one with them would be a "second home". They would just want their loan to go on the books early. Many buyers had essentially NO MONEY AT ALL, several kids and low incomes.

MORTGAGE BROKERS WERE CAUGHT IN THE MIDDLE. If they did not do the stated loans placed, the realtors would go elsewhere. And all the loans were getting placed by banks! Mortgage brokers would try to follow rules with regards to records of employment etc..but the skilled ones would generally do the easier stated loans (higher rates). Realtors would sometimes want a christmas check and would rush a 15 day closing period window and threaten lawsuits if not closed in 15 days and to 'steal' the escrowed money! Since so many customers were leveraging their money with free loan money, they mostly had to go stated anyway, cause they really did not have the money to invest. I DID ADVISE PEOPLE TO BUY 1 or 2 instead of 3 or 4 properties when I could. But if you did do that with a realtor present, you would be hated and never dealt with again.

You should see when a realtor is getting his parents to buy. One guy had a cancer fighting blue collar dad who had just enough money to live out his life with his wife (but the Real Estate son wanted them to buy 2 condos). The parents said they were only buying for the sake of their son. The son strictly told me not to go with only one unit as I suggested to him after I met with them. Since we worked in the same company, I could not easily stop the purchase. My bosses would be livid. I was disgusted and wanted these deals dead. I got my wish. The parents credit was hurt by the car loan they put in their name for their son who defaulted. I killed it.

PURE CONSUMER GREED CAUSED THE PROBLEM IN THIS INDUSTRY. It is like cocaine, if there is a need, it will be fulfilled. The 1% and 2% introductory rates, real estate promises and stated loan programs made it possible for small guys to own asets worth 10 times more than they ever dreamed. People worth about $50,000 suddenly owned $600,000 worth of real estate even though they made $40,000. Florida does NOT have a well established set of rental agents to support the implied rent requirements of investments. Realtors had NO IDEA what GRM's (gross rent multipliers) and P/R (Price to

Rent) ratios were or ought to be or were historically.

On a macro level, the western world bubble in real estate (about 14% six months ago) is no worse in Florida. In fact, prices are good here, though the market is disrupted.

Real Estate still is a "real asset' of clear value. Owning shares in stock companies is still much more risky. Why? Because the company you buy may have owners who NEVER INTEND to return profits to shareholders or reasonable rates. Who can tell with a stock?

In order of rank, here is who I blame for the meltdown: 1) Baby boomers (my generation) who parlayed hundreds of billions and perhap trillions of dollars of their parents wealth into massive loans 2) Human greed 2) The federal government and the federal reserve trying to supply side massive war, homeland, FEMA and other unappropriated budget items 3) The banks 4) The Realtors 5) The mortgage brokers 6) The appraisors - they mostly are lazy, and tend to lag behind the market trends, so hard to place them high. They are impeding the recovery.

NOTE: Title companies in Florida were generally professional throughout this period.

Get it right gentlemen, for this great nation! When railways, water transportation, hydro, power, information or any of the other basics of industry are readily available, the nation is the greatest..as it always has been. But when human commerce is overly tithed (remeber the Boston Tea Party), nations flounder.

Most peopel who buy a house, buy a car within 30 days. Once you are on the hook for $400,000, all that scraping on grocery bills to save up $15,000 over a 8 year period is rendered meaningless. It is like Vegas now. The client just throws up their hands and says, we'll take the SUV!!!! Put it on my tab! They would have bought no matter what you would have done! They bought without renters in the homes and hoping for unrealized appreciation.

When a loan had a first and second and the husband and wife both had to sign and there were two properties, it was difficult to get them to read and sign the paperwork. Might be 50 to 100 pages! And if you found a different loan, or made it better, they got mad, mostly with the paperwork. Said the bank was so much easier etc!!! Oner had to be very expert at handling this, especially if you wanted them to re-sign for a better rate. Realtors would not advise this! Very few read them fully. But it never really stopped anyonefrom buying. Mostly, the disclosures were a bunch of rights they had. Buyers felt they were encumbrances and bad things. I mostly had to assure clients to read them, they were good things that were made for them!