

From: "Tip luliucci" <tip@premierelending.com> on 03/25/2008 03:05:02 PM

Subject: Regulation Z

Dear Sirs:

I appreciate the efforts to continue mortgage reform, but disagree with the proposed changes for the following reasons:

- Abolishing stated income loans altogether will cut off access to credit for the majority of self employed borrowers. I see a lot of small business owners who do not claim the net income necessary to qualify for a mortgage under full documentation requirements. This will create a large class of hard working Americans who can no longer be homeowners. And this will further weaken the economy.
- Abolishing no doc loans altogether will hurt retired borrowers and elderly investors who count on them to better manage their cash flow. Example: My own mother! – Who has a credit score over 800, but has only \$600 in Social Security income monthly. She derives her other income from retirement/investment savings that she accumulated. So....she draws enough in interest and uses her principal as needed to pay her debts. But again, will not be able to refinance her loan, as she can't list traditional income to qualify under full documentation rules. She is not alone. Virtually everyone in her community is the same. Rather than refinance when rates drop to lower their payments, they will be forced to consider pulling large sums of money from savings to pay off mortgages in their entirety. This will snowball into bank runs and will evaporate interest earned by financial institutions from the monies held in deposit as well as the interest earned on the mortgages.
- As a loan officer, we use YSP as compensation and at the time application we are generally not ready to lock the interest rate with the lender. So....YSP is a moving target, changing several times a day. It is market driven. I am all for disclosing YSP, but I feel that Federally chartered institutions that don't have to disclose their yields have an unfair advantage. Why not allow YSP to be disclosed and signed prior to closing? And while we are at it, require even banks, credit unions, etc to have to disclose as well. Let's give the customers CHOICES! Borrowers are being restricted from free trade in what amounts to some sort of government sponsored collusion or oligopoly. The requirements need to be the same for ALL lenders so that borrowers can truly shop for the best deal for their money.
- Requirements that we as loan officers should determine that borrowers have the ability to repay for at least 7 years are preposterous! How on earth should we be able to guarantee someone's employment? Or that someone's current business model will sustain in 3, 5, or years? If you will make that crystal ball available to those of us here in the field, we will gladly buy it! The private sector DOES NOT have tenure nor the secure job market of a government employee. And going forward in that direction starts to sound a bit like Communism, when the government literally controls every facet of our existence.
- Closing cost caps or triggers have a purpose, but must be instituted wisely. Think about the hard costs associated with some lower value real estate markets. Let's think about rural areas like Mississippi for example where a \$50,000 house actually means something. The average appraiser will charge \$350 and the attorney closing the loan will charge somewhere around \$500-600. So....a 3% cap (\$1500) on closing costs, or even a 5% cap, will leave nothing on the table for other service providers. The idea behind something like this is novel.....but

what works in one part of the country will not work in others. Be very careful not to segregate large areas of the country with such legislation.

I think the rising tide of foreclosures is the fault of everyone in the system, not just loan originators. Realtors, appraisers, attorneys, builders, investment bankers. Not one person is solely responsible. I agree some reform and controls are needed. But let's not rid this nation of its middle class and the ability for people to become homeowners in the process. The economy depends on homeownership. Mortgage refinance for tangible benefit will also stimulate the economy. But....the Fed has done much to cut rates recently, but we aren't seeing it here in the trenches. Why? Because of weak confidence in the dollar, which affects the treasuries, which in turn affects the interest rates we charge. So....the recent cuts have done nothing but give large banks a cheaper money supply to regain profits to offset losses made in writing bad loans. Which was their decision to buy, not mine. When I make a bad decision the Fed doesn't bail me out..... I think the Fed should be finding ways to strengthen the dollar, so that the markets will respond in such a way to create a refinance boom that will enable struggling homeowners to re-write these so called bad loans and to lower their monthly outgo. And in turn generate income thru the mortgage channels that will be taxable and will stimulate the housing industry. We need results, a stronger dollar, and less impediment to helping homeowners save money.

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