From: "Roseanna E. Vogt" <roseannavogt@chesapeake.net> on 04/08/2008 10:15:02 PM

Subject: Regulation Z

Subject: Docket Number R-1305

April 8, 2008

Jennifer J. Johnson
Secretary - Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

RE: Docket Number R-1305

To Whom It May Concern:

I am writing because I am very interested in this subject since I work with vulnerable populations in our society who deserve to have a home of their own. As director of the Circle of Angels Initiative, Inc., a chartered member of the NeighborWorks® Network, I am generally supportive of the efforts being taken by the Federal Reserve System through this Proposed Rule, to increase the level of disclosure and transparency in the mortgage industry and protect consumers from unfair, abusive, or deceptive lending and servicing practices.

However, we believe that certain additional steps are needed, as detailed in the comments below:
The mortgagors should be required to use the local court systems to get the attention of the mortgagees as it has been proven that mortgagees who are in financial straits avoid and deny their situation. If the mortgagors were required to send official letters from the court to the mortgagees to request the mortgagees get in touch with the mortgagors to work out a settlement, then the mortgagees would be able to work out a settlement with the mortgagors that would save the homes of the mortgagees.

Proposal: Further, if the mortgagor met with the mortgagee and analyzed the situation of the mortgagee taking into account all the bills of the mortgagee and the income of the mortgagee, then the two parties could create a payment schedule that worked with the lowest common denominator on the loan and what the mortgagee can afford, perhaps for example what would work out to be a 4 1/2% interest rate over a five year period. This proposal would be for those in imminent danger of foreclosure. Legislation could be enacted to make the lower interest payments tax free to the mortgagor. If tax free, then it would be equivalent to a 7% to 8% mortgage. The real estate taxes and house insurance to be paid first, this proposal will be a win-win situation for all those involved. For example, if it was determined that the mortgagee could afford to make payments of $500 per month for one year, then from the $6,000 annual that was collected, real estate taxes and insurance would be paid first, then of the remainder that is interest only, the portion that represents interest would be tax free to the mortgagor. This legislation could have a sunset clause of, for example, five years in it so that it would have to be revisited and reassessed for the effectiveness of the program. Mr. Peter Bozick is the author of this proposal which I believe to be excellent and therefore I am forwarding it to you.

Proposed prohibition to engaging in a pattern or practice of extending credit to a consumer without regard to the consumer's repayment ability

We support this proposal. We are concerned that the language, "*engaging in a pattern or practice*", establishes a legal standard that would be very difficult to prove, even when there have been flagrant violations. We are also concerned that the proposed rule is limited to subprime loans only, and does not include other nontraditional loans, such as "Payment Option Adjustable Rate Mortgages" and other Alt-A products.

Verification of Income and Assets Relied on
We are supportive of this proposal, but are concerned that the Proposed Rule would require income verification on subprime loans only. We believe this standard should be extended to cover other nontraditional loans.

Prepayment Penalties
We support the proposed limitation on prepayment penalties but ask that the Federal Reserve consider a ban on all prepayment penalties.

Requirement to Escrow for Taxes and Insurance
We support the proposal, but are concerned that this escrow requirement would be limited to subprime loans only. We believe this requirement should be extended to other nontraditional loans, such as "Payment Option Adjustable Rate Mortgages" and other Alt-A products.

Creditor Payments to Mortgage Brokers (Yield Spread Premiums)
We support the proposal to prohibit yield spread premiums without written agreement between the broker and the borrower, but do not believe this goes far enough. We believe the Federal Reserve should prohibit the use of yield-spread premiums. Yield spread premiums create a disincentive for mortgage brokers to identify the most affordable mortgage product for the borrower. Only the elimination of yield spread premiums would eliminate this unfairness in the mortgage markets.

If the Federal Reserve decided to rely on disclosure alone, we believe that bank employees and other loan originators should also be subject to such disclosure.

We appreciate the opportunity to submit comments on the proposed rule.

Best regards, Roseanna Vogt