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**Tom Costello, Jr  
580 Lindsey Drive  
Radnor, PA 19087-2339**

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INDEPENDENT REGULATORY  
REVIEW COMMISSION

August 15, 2007

**Pennsylvania Department of Banking  
Attn: Office of Chief Counsel  
17 North Second Street • Suite 1300  
Harrisburg, PA 17101**

Dear Council:

I am writing this letter in response to the new mortgage regulations that have been proposed by the Pennsylvania Department of Banking (DOB) and are being considered by the commonwealth's Independent Regulatory Review Commission (IRRC). While I wholeheartedly agree with the spirit and goal of the new regulation – to protect consumers from facing foreclosure – I do not believe that these regulations will be an effective instrument in achieving this stated aim.

I take particular exception to the section of the new regulations that seeks to terminate stated-income and no-doc loans. I can tell you from my own experience in the industry that both of these loan programs have a valid place in the market when utilized correctly. It is my professional opinion that the loans themselves are not the problem, but rather that they have been used incorrectly in the past by a minority of inept or immoral loan originators.

I would also like to remind the DOB and IRRC that the main reasons for foreclosure have remained consistent before, during and probably after the current housing cool down – loss of job, divorce, illness and other unexpected lifestyle changes, but not stated-income and no-doc loans.

A troubling side effect of these new regulations will be the elimination of credit options for people who are currently struggling to get loans. The very people who are supposed to be helped by these rules will now be underserved as a result of their implementation. While everyone is in agreement that there is a problem here that needs fixing, this is simply not the way to do it. These regulations will hurt industry and consumer alike, without bringing advantages to either party. They should be reconsidered and replaced by more sensible and effective proposals.

Best Regards,

*Tom Costello, Jr.*

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DEPARTMENT OF BANKING  
LEGAL SECTION

**Cooper, Kathy**

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**From:** Ernest, Judith [jernest@state.pa.us]  
**Sent:** Wednesday, August 15, 2007 3:09 PM  
**To:** IRRC  
**Subject:** PA Dept. of Banking Reg 3-43 Comments.08.15.07

Attached please find the following comments that were received on Tuesday, August 15, 2007.

- (1) Tom Costello, Jr., **Form letter 2 others received.** (From: Asset Mortgage, LLC; AAA Mortgage Money, LLC; Equity Lending Group, Inc.; Synergy Financial Group; and Access-One Financial Services Corp);
- (2) AFC Reverse Mortgage, Inc. (email);
- (3) Bank of America (email); and
- (4) Pennsylvania Financial Services Association

If there are any questions or concerns, please feel free to contact me.

Thank you.

Judy E. Ernest  
Administrative Officer  
Department of Banking  
17 N. 2nd Street, 13th Floor  
Harrisburg, PA 17101  
Phone: (717) 787-9573

8/16/2007