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DEPARTMENT OF BANKING
LEGAL SECTION

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INDEPENDENT REGULATORY
REVIEW COMMISSION

William E. Evans
President
bill@whitestarlending.com

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

Dear Sir/Madam:

I am writing this letter in response to the new mortgage regulations that have been proposed by the Pennsylvania Department of Banking and are being considered by the commonwealth's Independent Regulatory Commission. While I agree with the goal of the new regulation which will 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 experience in the mortgage industry that both of these loan programs have a valid place in the market when utilized correctly, and presented correctly to the consumer. It is my strong professional opinion that these loans are not the problem, but rather they have been used incorrectly in the past by a minority of inept and undereducated loan officers.

I would also remind the Department of Banking and the Independent Regulatory Review Commission that the reasons for foreclosures have remained consistent during and before the housing cool down. The main reasons are:

- Loss of Job
- Divorce
- Illness
- Other unexpected events.

From my experience, stated income loans are not the reason for foreclosures. It seems to me that the mortgage industry is being blamed for the foreclosure rates going higher and for the lack of liquidity in today's market. In reality, the Federal Reserve could take some blame also by having dropped the Fed Funds Rate to an all time low of 1% which fueled the excess we are seeing today. Stated income loans are not to blame.

Should stated income loans be done away with, we will see the elimination of alternatives for people who are currently struggling to get loans. While we all seem to agree that there is a problem to be fixed, this is simply not the way to do it. These regulations will hurt the industry and the consumer alike. They need to be replaced and reconsidered by more sensible and effective proposals.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Evans', written over a horizontal dashed line.

William E. Evans
President