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Rec'd 8/23/09

Commonwealth of Pennsylvania
Department of Banking

To whom it may concern,

I have been a mortgage professional for the last 20 years and an active member of the Pennsylvania Association of Mortgages (PAMB), the National Association of Mortgage Brokers (NAMB). Additionally, I am very involved with the Lancaster County Association of Realtors (LCAR); I have been teaching their Real Estate Finance courses for the last 10 years.

With this being said I absolutely agree concerning the inappropriate misrepresentation of mortgage products by some individuals in the mortgage industry. I have been preaching about this exact issue for many, many years. I also agree that we need to be sure that each and every consumer understands the product offering so they make the best choice in the mortgage product they purchase.

I also absolutely agree with disclosing the financial reality of mortgage products, both positive and negative. A department mandated disclosure is appropriate, but I believe this form should be created as a joint venture between the PAMB, the NAMB and the Mortgage Bankers Association (MBA). The industry experience will help ensure that the form is insightful, easy to understand and truthful in its representation. Unfortunately, I have spoken with too many people who unwittingly bought mortgage products who did not understand the pre-payment penalty, if they knew it was there at all, and/or got a balloon payment or a negative amortization loan product they were stuck with. It is the personal income oriented mortgage person, not the outcome oriented mortgage professional that needs to be dealt with.

A major factor contributing to the current mortgage problems is that the entry into the mortgage business in the state of Pennsylvania is some of the most lax in the nation. It is easier to get a mortgage broker license than a license to cut hair, and I think this is an egregious error. Some level of pre-licensing education and testing should absolutely be in place as well as a system to individually license loan solicitors so they cannot simply move to another company if they are terminated for fraud and/or the misrepresentation of a mortgage product. Being sure the loan solicitor is educated and understands the mortgage industry is the best way to weed out incompetent and negligent individuals. Unfortunately, regulating dishonest, fraudulent, illegal, unfair, and unethical conduct is not possible and I believe most unscrupulous people already know the definitions and understand what they are doing. I believe the goal is to, as much as possible, keep these types of people out of the business, and to get the ones out who are already in the industry. In my opinion this is best achieved by education and licensing, both before and after they enter this business.

I also believe taking away useful and available products from consumers could negatively impact the declining housing market. To remove viable mortgage products, if used correctly, at a time when housing is on the decline would add fuel to the fire and could dramatically undermine the economy of the Commonwealth of Pennsylvania. To protect people by taking away an educated choice is a step in the wrong direction. I believe that if people fully understand the product offering and the product ramifications they should be able to make the decision of how to spend their money and be responsible and accountable for their decision. Not just Pennsylvanians, but all people deserve to be treated fairly in the mortgage

market, but they should still have the right to choose for themselves. **If a consumer is lied to or placed in a product inappropriately the individual representing the product should be held accountable to the fullest extent of the law.**

Abusive lending practices are reprehensible at best.

As far as the evaluation of the applicant's ability to repay the loan is concerned I believe the stated income/no documentation mortgage products have been abused by many people within the industry, but I also believe that if this loan is used properly it is still an acceptable product, again if it properly used. **I have no respect for the use of a stated income or no documentation product for a wage earner; providing a year to date pay stub and a W2 in getting a mortgage is not asking too much.** I am well aware of the nickname "liar's loan" and understand how some individual have abused this product for personal gain. **It is pathetic to state an income for a borrower inappropriately.**

As I watch the mortgage market change I see a self regulating effect on this type of product. Most secondary market investors of mortgages no longer accept wage earner stated loans, and rightfully so. In a true market driven economy the industry will self regulate.

With this being said the issue of real verses allowable income is a relevant discussion. A no documentation loan was originally designed for the individual who truly earned enough income to buy a home but where the income was not allowed to be considered. For example, when I started my mortgage company I became self employed; I had enough income to afford a new mortgage but would have been excluded from getting one because I did not have a 2 year history of self employment, but did have 13 years experience. **If we require all self employed borrowers to completely verify and document all their wages we will remove a substantial number of people who can afford a home but will no longer be allowed to purchase one. This will have a negative effect on the housing market in this state.** Some examples of these types of borrowers would be; commissioned sales people without 2 years of commission history, self employed individuals who had a bad income year when the income must be averaged over the last two years, individuals who earn tips as part on their income, very employable people who have substantial cash reserves wanting to relocate to this state and purchase their home before establishing a new job, and of course the self employed borrower and the newly self employed borrower. Having enough income to pay the mortgage is absolutely relevant and we as loan solicitors should never loan money to people without the ability to repay.

No documentations loans are not bad mortgage products; the misuse of these loans is the problem. The ability to pay is a very ambiguous statement for many people; ability and allowable income are two completely different understandings. I believe the best resource for this discussion would be places like Fannie Mae and Freddie Mac who understand lending better than any of us do and can underwrite these loans and evaluate the true risk involved and correctly represent the risk to the secondary mortgage market. **Excluding the people with the ability to pay, but where the income does not meet the conventional secondary mortgage market documentation requirements would be an economic mistake.**

I feel I must also address the consumer in this discussion; I have turned away borrowers who suggested I misrepresent their income to get a loan, however they simply went somewhere else for the product that would get them what they wanted. I believe the consumer who knowingly

signed a mortgage application with mistruths should also be held accountable for their actions. Loan fraud is not just unethical loan solicitors but also includes unethical borrowers who would prefer to place all the blame on the mortgage company so they can place no blame on themselves. **I would like to see stronger laws enforced against unethical behavior from the consumer.**

I also believe many of today's foreclosures were caused by property buyers who were trying to capitalize on the robust housing market. I believe many people understood the risk they were taking and were expecting excessive returns on their investment. I do not believe we can protect people from making bad decisions, but we should make certain they understand the product being presented so they can make an educated decision.

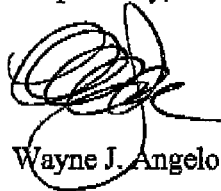
I realize the lending industry became too loose in its lending practices and tightening of underwriting standards is necessary, which is currently occurring within the industry. I believe much of the problem occurred because of the greed of buyers and mortgage solicitors.

The appreciation of property values and the expectation of reduced risk with the appreciation of equity gave false security to lenders and buyers. Basing a loan only on equity may be a safe loan for the lender, but not a good loan and may very well have hurt many people. **I agree that using the equity alone in underwriting a mortgage is not a good loan.**

Please be careful in taking away mortgage products that are useful, if used correctly, and economically beneficial to the consumer and the housing industry in this state. Please work closely with the industry and make sure the final moves are done with the cooperation of the PAMB, the NAMB and the MBA. Please be careful to not over react in responding to the current mortgage environment and regulating out products that, if used correctly, are not harmful to the consumer but are actually very helpful to many people who do not fit in the square box. As you know, many consumers who do not fit in the square box are absolutely able to afford a mortgage thereby allowing them to achieve the American Dream of home ownership within our state.

I applaud your efforts to protect the consumer from unscrupulous lenders.

Respectfully,

A handwritten signature in black ink, appearing to read "Wayne J. Angelo". The signature is stylized and somewhat cursive, with a large initial "W" and "A".

Wayne J. Angelo