

From: Pat Lee [mailto:patlee@cnhfunding.com]
Sent: Tuesday, December 05, 2006 4:44 PM
To: comments
Subject: Non Traditional Mortgage Guidelines!

Good afternoon,

I believe that the real product culprits should be singled out as short term (less than a 3 year fixed rate period) adjustable products that have prepayment penalties and / or provide a provision for negative amortization. There are many interest only fixed rate products (including FNMA variants) that are very stable for a 10 year period. These products are valuable to the consumer. The optional payment arm is really the culprit and is being sold by the mortgage banker and broker for huge lifts in revenue (rebate pricing of 3 – 3.5 points!). Part of the problem is that the capital markets all the way to the wall street firms is making a killing on these loans and currently provide huge financial incentives for a mortgage company to sell the product. That is the ugly truth. My suggestion is to do more research on the specific products and place limitations on the products that put the consumer at risks and not a general loan type categorization.

My background includes product development and the creation of underwriting guidelines for niche mortgage products. I am available for more information on the specific products if needed.

Regards,

Pat

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