From: Sheila Bailey-Waddell <sheila.bw@hotmail.com>
Sent: Tuesday, May 28, 2013 1:47 AM
To: #LPI Input
Subject: Lender Placed Insurance 2013-N-05

FHFA,

It is my pleasure to offer a comment on the above subject matter and thank you for the opportunity. The financial crisis has revealed a myriad of conflicts of interest and third- party risks among mortgage lenders, originators, affiliates, appraisers and servicers; contrary to the best interests of customer borrowers. The lenders are, in essence, second lien holders of mortgage notes which means they are using borrowed money to finance the loan. The financial crisis is a result of unfair and deceptive act and practices and violation of TILA geared toward uninformed consumers. Additionally, it put undue strain on the entire financial infrastructure. Lenders originated loans designed to be unaffordable for consumers with inaccurate appraisals, skimming off the top and high interest rates for their self serving interest; profit. Some mortgages are constructed to include taxes and insurance in the monthly payment. The mortgage documents are entirely too long and difficult to understand; not composed in plain writing. it has publicly imparted that the mortgage crisis was the fault of the borrowers for the most part, but I beg to differ. If a borrower tells the lender (originator) they can't afford the payment, the originator will "tweak" the numbers just to get the loan closed and the commission. Lender placed insurance premiums are much too high. The borrower still ends up paying for the insurance. The lender gets the benefits. It does not appear, nor has it ever, that the lender has had the best interest of their customer (the borrower) as a priority. Yet, they can go to the discount window at the Federal Reserve and obtain low interest loans, unsecured. Governance, best practices and consumer protection should be the priority of FHFA considering that FHFA is supported by taxpayers. Lenders and their affiliates have long profited on betting that their customer will lose. Finally, the lenders have internal control issues related to AML/BSA violations that need to be directly addressed concerning who, exactly, owns the note. The note is secured by the lender's capital. Pursuant to the National Bank Act and the Bank Holding Company Act, the mortgage lenders are second lien holders. Deregulation has allowed institutions to charge higher fees/premiums without any customer consideration but prioritizing their bottom line.

Thank you.