October 18, 2003

Mrs. Laura Johnson
Federal Trade Commission
Office of the Secretary
Room H-135
600 Pennsylvania Avenue NW
Washington, DC 20580

Re: Mortgage Acts and Practices: Advertising Rule, FTC file No.

There is substantial disconnect between the average consumer of home loans and the payments offered by the finical institution leading to foreclosures. Foreclosures are currently a major problem in America many of these forecloses is because people purchased more home then they can afford. Advertisements that quote a monthly payment amount give little to no guidance on the amount of money a household should be earning to afford that payment. This can cause people to start shopping for more than they can afford. Especially when advertisements inform people, they can receive a $200k loan for as low as $743 per month. Some consumers believe that the mortgage company will not approve them for a loan they cannot afford this is simply not the case.

This proposed rule should be changed to require home loan advertisements that quote a monthly price also include a suggested take home income (After tax income). This will benefit the consumer because it will connect “how much it will cost” with “how much I can spend.” The number should be called the “suggested take home income for this loan quote.” To come to this amount I suggest the advertised monthly payment be multiplied by five. This will allow room for PMI, property taxes, and insurance to be factored in and still in most cases stay between 25 to 30 percent of take home pay. This may be considered a little on the debt-adverse side but it will help people form over extending themselves. Many first time home buyers do not fact in important finical impact of owning a home normally previously only having been renters they have not had to pay for regular maintenance such as painting, roof repair, and other costly repairs. I believe this will benefit not just the consumer but also the lenders because it may lessen the amount of people who seek too much of a loan and are being denied or ending in default both of which have a cost associated with them.

Sincerely,

Keith J. Swider II