

**From:** "Dennis C Smith" <dennis@stratisfinancial.com> on 04/03/2008 07:15:02 PM

**Subject:** Regulation Z

To Whom It May Concern:

Regarding proposed changes to Regulation-Z, I urge you to please reconsider the provisions that are directed specifically to mortgage brokers. While it is popular for the media and many wholesale lenders to blame the current woes of the mortgage and housing markets on mortgage brokers, it is an unfair characterization of an industry that originates an overwhelming majority of the mortgages in this country. Further, the actions of a few should not result in punitive measures that will affect everyone. I have been in the industry for twenty years; working hard and earning a very fair living (average commission for myself and our company is approximately one to one point five percent of the loan amount) providing competitive rates and quality service to hundreds of families a year. And since I am in California every transaction has compensation to the broker disclosed.

Why is it if I am charging a one point origination fee on a \$300,000 mortgage at say 5.75% for a 30 year fixed rate mortgage that I will have to make several additional disclosures that my competitor that works at Wells Fargo or Countrywide will not have to make? If the cost of the mortgage and the monthly payment are the same are not the profits and commissions the same? Yet I have to make disclosures my competitors do not. This is un-American and creates an unbalanced market that lenders will quickly take advantage of for their retail operations.

I have been urging my industry associations, California and National Associations of Mortgage Brokers, to urge the Federal Reserve and Congress to pass national lending laws that would prevent a lot of the fraud in the industry, create level and competitive markets in the industry and provide a level of assurance to consumers that their mortgage originator is "legitimate". Currently originators working for direct lenders in my state need no license or formal training—I however require a license from the DRE and also additional disclosures that they do not need.

Create a license that must be obtained by anyone in the mortgage industry who originates or funds home loans and mortgages, i.e. loan originators, loan officers, specialists, whatever label they wish to create. If you speak with an individual about a home loan or mortgage, quote interest rates, prepare an application, either in person, over the phone or over the internet you must have a National Lending License. And this license should be somewhat difficult to obtain, similar to a Series 7. Then the husband and wife in Philadelphia, the woman in Tulsa and the same sex couple in Portland all know their mortgage professional is a licensed, trained professional.

Your proposed regulations will push more brokers out of business that are legitimate, hard working professionals; and it will leave those brokers who have been lying to their customers and putting together fraudulent deals because they really do not care about regulations anyway.

Please think of the serious effect your proposal will have on the industry and all the quality mortgage brokers it will take out of the market leaving even fewer competitive options for consumers. As well please consider and adopt a strong National Lending License—ignore those who oppose it like the Natl. Assoc. of Realtors and the Mortgage Bankers Assoc. rather than listen to them say they are against such licensing ask them why it is a bad idea and they oppose it.

Respectfully,

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