

From: "John Barbee" <jbarbee@weststarmortgage.com> on 04/01/2008 05:00:06 PM

Subject: Regulation Z

Date: April 1, 2008

To:

From: John D. Barbee
Director, Wholesale Lending Division
WestStar Mortgage, Inc.

RE: Docket R-1305

Thank you for your efforts in improving Reg. Z.

While I personally feel your efforts are noble in intention, the desired result of protecting consumers will be missed.

There is a wave of change taking place in the "origination" side of the mortgage industry right now – today. Many thousands of loan officers, who are currently working for Broker shops, are shifting to a Branch Office of a Lender. Both large and small Lender's are advertising for Loan Officer's to flee their current place of business and "Come Work For A Lender" in order to avoid the imminent Reg Z changes.

I have been a mortgage originator Since August of 1985. I have specifically been originating loans from mortgage brokers since 1991. And I can tell you for certain, the scum of my industry will not go away if all you do is impose stiffer regulation on one facet of originating mortgage loans. The rats of the mortgage broker world will become the rats of the mortgage lender world.

I know your goal is to protect consumers, and I encourage you to please make any changes universal to all originators – Lenders and Brokers.

Further, in as much as you are able, I know the following would kill-off many of the "rats":

1. National requirement to become a mortgage broker: mandatory HUD Loan Correspondent approval.
 - a. It currently is too easy in too many states to get a broker's license
 - b. The states that make it difficult only do so by creating bureaucratic red tape – not by having meaning rules of engagement that protect consumers.
2. Expand HUD's monitoring capabilities:
 - a. Require ALL loan officers to be tested in their profession – something difficult like a series 7 exam.
 - i. Make it hard and expensive and the rats looking for the easy money will go somewhere else
 - b. HUD to maintain a national registry of loan originators and their status
 - c. HUD must act quicker to make ineligible offenders of the system
 - i. I personally know one originator who can

not get a license from the state of Virginia but a local bank in Virginia hired this person to run their mortgage division!

- d. Make it illegal for a builder owned mortgage company to offer financing on the homes built by the builder (and most of the builder owned mortgage companies are Lender's)

I could go on and on... but will stop now.

Thank you for reading my letter and please feel free to contact me at any of the below numbers with any questions or if you really want to know more of how I feel on this issue. Somehow, the mortgage industry must get back to an understanding of our obligation of "public trust" and all that entails.

Sincerely,
John

John D. Barbee

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