

From: "Dugas, Paul" <pdugas@starbanc.net> on 04/01/2008 02:25:04 PM

Subject: Regulation Z

I see no reason to shoot the messengers (the brokers) for the current credit crisis. The root of the problem lies primarily with the government's decision to deregulate the security industry and allowing them to enter the banking business. An industry they clearly knew little about. On the flip side we are now starting to see big losses from banks that have entered the securities business. I predict that will be the next big problem for the federal government to contain.

The brokers merely sold the loan products that the Wall St. firms created solely or in concert with big banks. These products were created with short term greed and not long term stability in mind. Those of us that are left in the mortgage banking industry are now bearing the brunt of those decisions. A good analogy would be to fire the car salesman that sold the lemon to the consumer without placing any blame on the car manufacturer for building the lemon.

Just yesterday the Chairman of Wells Fargo said on CNBC that 75% of all subprime mortgages were originated by brokers. That may be the case, but let's not forget that these institutions such as Wells Fargo underwrote, approved, and purchased those loans. They ALWAYS had the final say. We're they remiss in their responsibility to conduct the pre-funding or pre-purchase due diligence that the current regulations already call for. Don't we always seem blame the little guy that can't afford to defend themselves and have no voice?

In closing, adding additional regulations and eliminating brokers is a knee jerk reaction that again is not well thought out by people that are not well versed in the day to day operations of the mortgage banking industry. Again, don't shoot the messengers go after those that created the loan products that have now proved to be unwise.

I remain available should you have any questions or concerns about my comments. Please consider these comments wisely.

Best Regards,

Paul A. Dugas

President/CEO

1333 Camino Del Rio S., 3rd Floor

San Diego, California 92108

619.688.0300 Office

619.804.7653 Direct

pdugas@starbanc.net