

From: Mark Stamm and Marty LaChance
Subject: Reg Z - Truth in Lending

Comments:

Dictating the method of payment for private sector workers is an idea that should have died along with the Soviet Union.

I have run mortgage companies where we treated our customers and employees fairly and honestly. But even then, we spent a high percentage of our time and energy trying to comply with the ever-more-complex web of regulation that the government felt was necessary. "Compliance," already the fastest growing part of the mortgage business, will be the primary driver of all decisions-not economics or efficiency. The ultimate loser is the consumer, who pays for it all through higher loan costs.

Why are we all expected to get the "best" deal on a mortgage without having made the least effort to find out what we are buying? Dictating how employees can be paid and how much profit is "fair" gets political points for some egalitarian crusaders, but, at least for now, we live in a country where people are presumed to have the capacity to make their own decisions. Your proposed rules for compensation presumes that: 1) Fully informed people can't be trusted to make their own decisions about mortgages; 2) Mortgage originators are generally liars and thieves; 3) There are no current laws against dishonest activity. What's next-cars? Kitchen appliances? Clothing? Is Saks unfair if they charge more than Wal-Mart for a jacket? Should I be trusted to make that decision for myself, or do I need the government's help? Maybe there should be a federal law against selling me a jacket that doesn't fit.

A requirement for proper disclosure is both appropriate and useful. After that, trying to micro-manage a business to the point that everyone is entitled to the "best" deal, without even minimal effort on their part is a foolish waste of time and resources. It also fosters a sense of entitlement that will grow to stifle other businesses.

Therefore, I object to your proposal to dictate loan originator compensation.

Mark Stamm and Marty LaChance