THE ROLE AND REGULATION OF MORTGAGE BANKERS IN ORIGINATING AND SERVICING FHA-INSURED, SINGLE-FAMILY MORTGAGES

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Summary

This is another in a series of papers analyzing publicly initiated reinvestment strategies which have been attempted at the federal, state or local level.

This paper describes the role of mortgage bankers in providing single-family mortgages insured by the Federal Housing Administration (FHA) to moderate income homebuyers. It also elucidates the concerns of critics of mortgage bankers and describes the Illinois Mortgage Banking Act, a product of the efforts of these critics, and individuals and organizations desiring prudent examination of the accusations against mortgage bankers. The paper also includes comments by representatives of the Illinois mortgage banking industry concerning the Act. HUD-FHA mortgagee approval procedures and the Florida Mortgage Brokerage Act are also briefly described.

The concluding section of the paper expresses a concern that the implementation of Illinois Mortgage Banking Act, and future initiatives of other states, should be carefully structured to avoid the creation of disincentives which discourage mortgage bankers from originating and servicing FHA-insured loans. FHA-insurance programs have provided homeownership opportunities to many moderate income households and residents

of certain geographic areas perceived as high risk by conventional lenders. These programs will hopefully be able to continue to serve this function in Illinois and other states desiring to initiate regulatory action.

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Mortgage banking firms are non-depository corporations which extend credit for the purchase and/or construction of residential, commercial and institutional property. Since mortgage bankers are not permitted to accept deposits, they must secure capital by borrowing from commercial banks. In many cases, mortgage banking firms are wholly owned subsidiaries of commercial bank holding companies.[1]

In addition to extending credit, mortgage bankers act as seller/servicers for secondary market agencies -- such as the Government National Mortgage Association (GNMA, or "GINNY-MAE"), the Federal National Mortgage Association (FNMA, or "FANNIE-MAE"), and also for commercial banks, pension funds, and insurance companies.[2] A mortgage banker who operates as a seller/servicer for a secondary market entity sells the residential mortgages he or she has originated to FNMA or GNMA and agrees to service these mortgages for a specified percentage of the outstanding balance of each mortgage.

Mortgage bankers also serve as correspondents for institutional investors by monitoring local real estate and economic conditions. Acting as correspondents, they secure financing for prospective developments. For example, a mortgage banker operating in Kansas City or Saint Louis might help a local housing developer secure long-term mortgage financing from a pension fund, life insurance company or commercial bank in San Francisco or New York City. The financing source is often a client of the local mortgage banker. Consequently, the mortgage banker is paid a commission to be the link between local developers and institutional investors.

Some mortgage bankers specialize in financing single-family home purchases using Federal Housing Administration (FHA), Farmers Home Administration (FmHA) and Veterans Administration (VA) insurance. Since these government insurance programs permit buyers to make low down payments and also give buyers access to financing at below market rates, mortgage bankers who originate and service such mortgages provide an important service especially to moderate income familes. Throughout the last decade, however, considerable attention has been focussed on the role of mortgage bankers in the origination of FHA- and VA-insured single family mortgages in mature neighborhoods. Many mortgage bankers have been accused by certain community and public interest groups of severely impairing older communities by "overinvesting" or extending poorly underwritten loans in concentrated areas.[3]

In 1975, mortgage banking companies originated 74% of FHA-insured, single-family mortgages. Before 1965, FHA-insured originations were almost exclusively limited to suburban areas as a result of FHA appraisal and underwriting standards which, in effect, discriminated against most inner city areas.[4] During 1965, however, the FHA commissioner issued a statement of general policy which mandated the following.

> FHA must stimulate (emphasis added) and assist residential rehabilitation and financing of property transfers in all neighborhoods where values are sufficiently promising to make insurance of long term loans a reasonable risk.[5]

In 1968, the FHA Commissioner relaxed property standards to exclude "only those instances where a property has so deteriorated or is subject to such hazards that the physical improvements are endangered or the liability of the property or the health or safety of its occupants are seriously affected."[6] As a result of these two administrative orders -- and the congressional mandate expressed in the 1968 Housing Act -- there was a substantial increase in the percentage of FHA-insured mortgages which were originated in inner city neighborhoods.

All FHA one-to-four family mortgage insurance programs which are currently operational, with the exception of the Section 244 coinsurance program, insure 100% of the lender's exposure. In cases of default and eventual foreclosure, the lender is able to recover 100% of the credit extended plus certain expenses from the Federal Housing Administration.

In originating FHA-insured, single-family mortgages, the originating institution -- or "mortgagee" -- must undertake a number of procedures. First, the mortgagee is contacted by a real estate broker who identifies a buyer in need of financing.[7] Second, the mortgagee applies to the local FHA-insuring office for mortgage insurance. Two application procedures are involved: one is a request for an FHA appraisal of the value of the property, and the other is a submission of the potential borrower's credit history, and his or her current and projected income.[8]

If, after completing the appraisal, the FHA insuring office determines that the property meets FHA standards, it will issue a "conditional commitment" to the approved mortgagee. The issuance of a "conditional commitment" constitutes an agreement that FHA will insure a mortgage loan on the property for an acceptable borrower on the terms and conditions specified in the commitment.[9]

Next, the mortgagee submits to the FHA insuring office a form which includes a credit report on the prospective applicant and a verification of his or her employment and total assets.[10] If FHA determines that the applicant is creditworthy, it will then issue a commitment to insure a mortgage on the property, for the named borrower(s), subject to the terms and conditions specified.[11]

After originating FHA-insured mortgages, mortgagees usually sell these mortgages to institutional investors referred to as the secondary mortgage market. Mortgagees may also issue and sell securities to investors based on an underlying pool of mortgages. Such securities are guaranteed by "GINNIE MAE".[12]

Once a mortgagee sells a mortgage, it generally continues to service the mortgage on behalf of the investor (the new mortgagee) to which the mortgage was sold. Servicing involves collecting monthly payments, insuring that taxes and hazard and life insurance policies, often required by the mortgagee, are paid. Servicers also administer delinquent accounts and manage foreclosure proceedings, when necessary, on behalf of the mortgagee.

In exchange for originating, selling, and servicing FHA-insured loans, mortgage bankers receive financial compensation in the form of fees received when the mortgage is originated (front end fees) and fees secured throughout the period during which they are associated with the mortgage in a servicing capacity.

The most substantial front end fees received are loan origination fees and discount points. Loan origination fees may include compensation for the following services provided by the mortgagee: preparation and review of application; origination and closing of a loan; compilation of a credit report; undertaking of a title search; and "other reasonable and customary services."[13] The mortgagor (borrower) is responsible for the payment of loan origination fees. Discount points are fees paid directly to the originator of FHA-insured mortgages by the <u>seller</u> of the home. A discount point is one percent of the total value of a mortgage. The payment of discount points occurs because the maximum permitted interest rates on FHA-insured mortgages are frequently lower than the rates on conventional mortgages. Since FHA regulations prohibit any payment by the buyer of the home in excess of the maximum interest rate, the discount points are charged to the seller by the mortgagee.[14] FHA places no limit on the number of discount points a mortgagee is permitted to charge.

Throughout the period in which a mortgage banking firm is associated with a mortgage, it receives compensation for services provided. "FANNIE MAE" currently pays servicers 3/8 of 1% of the outstanding balance of the loan being serviced.[15]

Mortgage banking firms also benefit from the use of funds paid to them by borrowers in accord with agreements between the mortgagee and mortgagor which require the mortgagor to submit funds to the mortgagee for the payment of future property taxes and insurance premiums. Mortgagees usually place these funds in escrow accounts in commercial banks.[16] These accounts are often used by mortgage bankers as a compensating balance for loans which they have secured from the commercial banks in which these accounts are maintained.[17]

Criticisms of Mortgage Bankers and State Regulatory Initiatives

Since the late 1960's, mortgage bankers have been accused by some parties of engaging in practices which contribute to the demise of inner city neighborhoods. Allegedly, some mortgage bankers have been involved in the following practices: extending credit to homeowners who are poor credit risks; charging an excessive number of discount points; and failing to engage in prudent forebearance procedures with delinquent mortgagors.[18] Critics who have accused mortgage bankers of the above practices have pressured for regulatory reform at the federal level and regulatory initiative at the state level.[19]

FHA-insured mortgages can be originated only by lenders which have been approved by the U. S. Department of Housing and Urban Development. HUD's mortgagee approval procedures are as follows. First, a mortgagee applies to a HUD Area Office for permission to participate in FHA insurance programs as a "nonsupervised mortgagee."[20] The Area Office analyzes the applications and forwards it, along with a recommendation, to the HUD Regional Office.[21] The Regional Office then forwards the application to the Office of Mortgagee Activities and Participation Compliance (OMAPC) in HUD's Central Office.[22] OMAPC approves or disapproves the application and returns it to the Area Office which issues the final authorization.[23]

The critics of HUD-FHA's performance in supervising approved mortgagees have suggested that mortgage regulation should be shifted to another existing or new government agency.[24] A recent monograph produced by the Center for Community Change presents the rationale for such an initiative.

> After thorough examination of the issues and the options, the Neighborhood Revitalization Project has concluded that HUD is highly unlikely to provide the tough, independent, focused regulation which is essential if abuses are to be eliminated. The ties between mortgage bankers and FHA are close and virtually inextricable. For forty years the two have developed closer and closer relationships, united by a common desire to

> speed up production and make low down payment, long-term financing available as broadly as possible. Industry leaders have moved back and forth into government, strengthening these ties. It should come as no surprise that regulation has been weak and sporadic. A decision to strengthen and rationalize HUD regulation could lead to improvements, but FHA's primary concern -- indeed its *raison d' etre* -- must always be facilitating loans rather than restricing them . . .[25]

Echoing similar concerns about HUD's ability to supervise the activities of approved mortgagees, a coalition of community organizations in Illinois lobbied the state legislature to require the licensing of mortgage bankers. This coalition -- spearheaded by the Illinois Public Action Council (IPAC) -- was successful in getting legislation which empowers the Illinois Commissioner of Savings and Loans to license and monitor the activities of mortgage bankers conducting business in Illinois. Representative Michael S. Holewinski (D. Chicago), the chief sponsor of the Mortgage Banking Bill, stated his rationale for sponsoring the legislation in the following manner.

> This bill is needed to protect neighborhoods from the planned destruction inflicted by unscrupulous mortgage bankers at the expense of small homeowners throughout the state . . . By limiting the foreclosure rates of mortgage bankers, we can force the fast-buck artists out of business.[26]

The Illinois Mortgage Banking Act was signed into law by Governor James Thompson during September, 1977. The Act requires all mortgage bankers conducting business in the

State of Illinois to be licensed by the Commissioner of Savings and Loans. The Commissioner is granted the authority "to issue or refuse to issue licenses, to revoke or suspend licenses, to receive, consider, investigate and act upon complaints issued against any mortgage banker." [27]

The Commissioner is to be assisted in implementing the Act by the Mortgage Banking Board. This Board is to consist of five members appointed by the Commissioner. Two of the Board members are to be mortgage bankers and three members are to be individuals who are not associated with the mortgage banking industry. The functions of the Board are the submission of recommendations to the Commissioner concerning the efficient administration of the Act; the holding of hearings for the purpose of investigating complaints made by any person in connection with any mortgage banker operating in the state; and the development of rules to govern hearings for any suspensions or revocations of licenses or for the assessing of fines as provided in the Act. [28]

In addition to licensing mortgage bankers and responding to consumer complaints, the Commissioner is vested with the responsibility of monitoring the activities of licensees. Pursuant to this responsibility, the Commissioner must annually make a determination of the national residential mortgage foreclosure rate on government insured loans (national foreclosure rate), the state maximum foreclosure rate on government insured mortgage loans (state maximum foreclosure rate), and each licensee's annual Illinois foreclosure rate on government insured mortgage loans (Illinois foreclosure rate). The national foreclosure rate is the quotient obtained by dividing the number of foreclosure proceedings on government insured residential mortgage loans instituted in the United States during the five immediately preceeding calendar years by the number of government insured residential mortgage loans originated in the United States during the same period.[29] During 1978, the statewide maximum foreclosure rate shall be a figure two times the national foreclosure rate. In 1979, the statewide rate shall be 1.5 times the national rate. In 1981, and thereafter, the statewide maximum foreclosure rate shall be equal to the national foreclosure rate.[30]

The Illinois residential foreclosure rate on government insured mortgage loans for a particular mortgage banker shall be the quotient determined by dividing the number of foreclosure proceedings instituted in Illinois during the five immediately preceeding calendar years on government insured residential mortgage loans with which such licensee "has had any connection," by the number of government insured residential mortgage loans originated in Illinois during the above period with which the licensee "has had any connection."[31]

The proposed regulations implementing the Mortgage Banking Act define foreclosure proceedings instituted as "a foreclosure proceeding involving a government insured loan wherein benefits from such government insurance have been paid to the mortgagee or one claiming under the mortgagee." The phrase mortgage loans "with which such licensee has had any connection" is defined in the proposed regulations as those mortgage loans originated and/or serviced by a licensee.[32]

Once the Commissioner of Savings and Loans has determined each licensee's foreclosure rate, he is then required to conduct an audit of each mortgage banker who has a foreclosure rate above the statewide maximum rate for a given year. He must also determine whether the excessive foreclosure rate has resulted from practices which deviate from "sound and accepted underwriting practices." During the audits, the Commissioner must hold public hearings and take testimony from the public concerning the activities of the licensee. After the audit and public hearings are completed, the Commissioner is to develop a plan with each licensee to reduce the licensee's foreclosure rate below the statewide maximum.[33]

In addition to comparing each licensee's foreclosure rate with the statewide maximum rate, the Commissioner must determine if a mortgage banker's foreclosure rate on government insured mortgages is unusually high within a particular geographic area such as a census tract. The proposed regulations do not define what an unusually high foreclosure rate in a particular geographic area would be.[34]

Another requirement of the Mortgage Banking Act is the annual disclosure of the total number and value of loans originated by each licensee. All licensees are required to specify the number and value of FHA and VA-insured mortgage loans and FHA-insured home improvement loans by census tract.[35] The number and value of applications for each type of residential loan must also be disclosed by census tract. The Act further requires licensees to disclose the number of government insured mortgages in the state with respect to which the licensee "has had any connection" and which are in default on the last day of the reporting period. Each licensee must also disclose the number of foreclosure proceedings instituted with respect to which such licensee "has had any connection," including the date of the first default and the date each such foreclosure proceeding was instituted.[36]

Enforcement of the Act

The Commissioner of Savings and Loans is empowered to suspend any licensee for up to six months, revoke a license, or fine a licensee up to $10,000 whenever that licensee engages in an activity prohibited by the Mortgage Banking Act.[37] Among the prohibited acts are the following:

(1) Failure of a licensee to file with the Commissioner, when due, any reports required by the Commissioner;

(2) Rejection of mortgage applications or varying of application procedures without reasonable cause

from the terms or procedures generally provided by the licensee within other geographic areas of the state;

(3) False promises made by a licensee, or misrepresentation or false promises presented by a licensee through agents or solicitors;

(4) Action by a licensee which constitutes fraudulent home mortgage credit underwriting practices;

(5) Payment by a licensee to an appraiser for the purpose of influencing the independent judgement of that appraiser with respect to the value of any real estate;

(6) Action by a licensee involving the rejection of an application for a home mortgage which constitutes a violation of any applicable antidiscrimination statute; and

(7) Failure by a licensee to comply with any of the provisions of the Mortgage Banking Act, or with any lawful order, rule or regulation made or issued under the provisions of the Mortgage Banking Act.[38]

The Commissioner is not permitted to suspend or revoke any license, or fine any licensee, without a prior hearing preceded by reasonable notice to the licensee to be affected.[39]

Reaction of the Mortgage Banking Industry to the Illinois Mortgage Banking Act

The response of the Illinois mortgage banking industry to the passage of the Mortgage Banking Act ranged from mild concern to severe criticism. The industry was particularly concerned with the establishment of a statewide maximum foreclosure rate as a triggering mechanism for auditing of individual mortgage banking firms. John P. Davey of the Great Lakes Mortgage Corporation, stated his objection to consideration of the the national and statewide foreclosure rate in the following manner.

> It is our feeling that the use of [a] foreclosure rate, whether national or statewide, is impossible to ascertain and dangerous to interpret. We feel that the Commissioner should have the ability to investigate any licensee whom he feels, in his determination, is engaging in potentially inappropriate practices. Therefore we feel that he could be given the right or responsibility to audit based on his own determination without any regards to controversial statistical data.[40]

Davey also objected that mortgage bankers were required to furnish foreclosure statistics related to loans with which a licensee "has had any connection." Davey indicated that the meaning of that term was not clear to him, and that it would be appropriate to evaluate a mortgage banker's foreclosure record in terms of the number of loans serviced. In requesting an amendatory veto of the Mortgage Banking Act, Davey submitted a revised bill to Governor Thompson which would have incorporated his suggestions.[41] However, the Governor elected to sign the bill as passed by the legislature.

Joseph Pagliari, President of the Chicago Mortgage Bankers Association, indicated that the industry was "not opposed to licensing per se, but rather to that provision of the bill which imposes an arbitrary foreclosure rate upon the mortgage banking industry." During the debate over the merits of the legislation, Pagliari made the following statement in response to the contentions of some supporters of the bill that mortgage bankers engage in fast foreclosure practices and profit from foreclosures.

> The premises upon which vociferous community groups sold the bill to the legislature were unfounded in that: (a) the carping regarding "fast foreclosure" -- Illinois requires judicial foreclosure actions with the entire process being subject to rules of court and of law; the average foreclosure takes about two years -- hardly fast by anyone's measurement. (b) Mortgage bankers are alleged to profit from HUD foreclosures -- a single reading of the National Housing Act will enable anyone to discern that HUD disallows one-third of the foreclosure costs, which average about $1,000 to the mortgagee. The "full recovery" to the lender is, therefore, by definition minus some $33 -- as well as a sixty day interest loss and a less than note rate of interest -- or in total a loss to lender of $1,200 on such FHA loans. Since the mortgage banker only services the loan on behalf of the holder (mortgagee), even if there were foreclosure benefits, they would not inure to the mortgage banker.[42]

Pagliari's response to the claim that mortgage bankers engage in fast foreclosure practices concerned the extended period before foreclosure proceedings are terminated. However, the fast foreclosure allegation of certain community organizations was not concerned with the extended period required to terminate a foreclosure proceeding once it was instituted. Their focus was the alleged failure of mortgage bankers to engage in reasonable forebearance proceedings and their alleged tendency to quickly file for foreclosure.[43]

In response to critics of mortgage bankers who suggested that the industry was unregulated, Pagliari stated the following.

> . . . mortgage bankers are unregulated and should be supervised -- another myth since HUD's regulations are voluminous and HUD regularly audits mortgage bankers to determine compliance therewith. VA, our investors (loan holders) and our lending banks likewise have the right to and do audit us for compliance with their requirements and HUD's regulations. (Nonetheless, we are not opposed to fair evenhanded and sensible licensing).[44]

Florida Mortgage Brokerage Act

The only other state which licenses and monitors the conducting of mortgage bankers is the State of Florida. In 1959, the Florida legislature enacted the Mortgage Brokerage Act which empowers the State Department of Finance with the authority to license mortgage bankers and brokers.[45] The Department is also vested with the authority to investigate the action of any licensee and may suspend such licensee for a period not exceeding two years, upon a finding that a licensee has been guilty of any of the following actions.

(1) Making misrepresentations or false promises through agents or solicitors, or through advertisements;

(2) Failing to disperse funds in accordance with agreements.

(3) Commiting crimes involving moral turpitude, or fraudulent or dishonest dealing;

(4) Failing to account for or deliver to any person any personal property under the circumstances, and at the time which had been agreed upon. . .; and,

(5) Failing to place, immediately upon receipt, any money, fund, deposit, check or draft, entrusted to him by any person dealing with him as a broker, in escrow until disbursement of such funds is properly authorized.[46]

In addition to licensing and monitoring mortgage bankers, the Florida Mortgage Brokerage Act requires mortgage bankers to maintain business records which will permit the Department of Finance to determine whether the business of the licensee is operated in accordance with the provisions of the Act.[47] The Act also sets a maximum fee which mortgage bankers may charge in originating conventional mortgage loans. Mortgage loans insured or guaranteed by an agency of the federal government are exempt from this fee ceiling.[48]

Conclusion

Consideration of the need for monitoring and/or licensing of mortgage banking firms is a complicated undertaking which is forced to rely on questionable and often contradictory information. If a determination is made by a state that there is a need to monitor and/or license mortgage bankers, then such a monitoring and/or licensing program must be carefully structured. One possible monitoring mechanism is a voluntary initiative jointly undertaken by the mortgage banking industry, community spokespersons and public officials. State policymakers considering licensing of mortgage bankers should examine the Illinois and Florida Mortgage Banking legislation and HUD mortgagee approval procedures.

During the process of considering monitoring and/or licensing mechanisms, state officials must insure that they do not create a system of disincentives which discourage mortgage bankers from originating and servicing government insured loans. When administered properly, government mortgage insurance programs provide financing for housing purchases by low and moderate income families which are unable to meet conventional underwriting standards, but generally prove to be prudent credit risks.

Footnotes

1 For example, Advance Mortgage Corporation is a wholly owned subsidiary of Citicorp and Mortgage Associates is a wholly owned subsidiary of Industrial National Corporation of Providence, Rhode Island. For additional examples, see: Board of Governors of the Federal Reserve System, "Action of the Board; Applications and Reports Received" (published on a weekly basis).

2 Mortgage bankers may also be seller/services for the Federal Home Loan Mortgage Corporation, which primarily purchases conventional mortgage loans, but occasionally purchases government-insured mortgage loans.

3 For a review of such criticisms, see: U. S. Senate, Committee on Banking, Housing and Urban Affairs, The Home Mortgage Disclosure Act of 1975 - To Improve Public Understanding of Depository Institutions in Home Financing. Hearings, 94th Congress, 1st session (May 5-8, 1975); U. S. Department of Housing and Urban Development, Office of Fair Housing and Equal Opportunity, Administrative Meeting on Redlining and Disinvestment as a Discriminatory Practice in Residential Home Loans, Proceedings (July 14-16, 1976); and, U. S. Senate, Committee on Banking, Housing and Urban Affairs - Subcommittee on Housing and Urban Affairs, Oversight on Housing and Urban Development Programs, Chicago, Illinois, Hearings, 93rd Congress, 1st Session (March 30-31, 1973).

4 For further discussion of this point, see Judith D. Feins, Urban Housing Disinvestment and Neighborhood Decline: A Study of Public Policy Outcomes (A dissertation submitted to the University of Chicago, The Faculty of the Division of Social Sciences, March, 1977), pp. 223-225.

5 Ibid., p. 225.

6 Letter from the Commissioner of FHA, U. S. Department of Housing and Urban Development to All Approved Mortgagees, August 2, 1968.

7 Urban-Suburban Investment Study Group, "The Role of the Mortgage Banker in the FHA Insured Single-family Home Loan Process," in The Role Of Mortgage Lending Practices In Older Urban Neighborhoods (Evanston, Illinois: Northwestern University, Center for Urban Affairs, 1975), p. 128.

8 *Ibid.*, p. 129.

9 *Ibid.*

10 *Ibid.*

11 *Ibid.*, p. 130.

12 *Ibid.*, p. 135.

13 *Ibid.*, p. 150-152.

14 *Ibid.*, p. 152.

15 Federal National Mortgage Association, "FHA/VA Home Mortgage Programs and How They Work" (Available from FNMA Midwestern Regional Office, Chicago, Illinois).

16 *Supra.*, note 7, p. 158.

17 *Ibid.*

18 For statements of these critics, see *supra.*, Note 3. Also see: Brian D. Boyer, *Cities Destroyed For Cash* (Chicago: Follett Publishing Company, 1973; and Edwin T. Hood and James A. Kushner, "Real Estate Finance: The Discount Point System and its Effects on Federally Insured Home Loans," *University of Missouri-Kansas City Law Review*, Volume 40, Number 1 (Autumn, 1971).

19 See: *supra.* Note 3.

20 Jeffrey Zinsmeyer, Judith Turnock and Andrew Mott, *Opportunities For Abuse: Private Profits, Public Losses and the Mortgage Banking Industry* (Washington, D. C.: Neighborhood Revitalization Project, Center for Community Change, October, 1977), p. 43.

21 *Ibid.*

22 *Ibid*.

23 *Ibid*.

24 *Ibid*., pp. 60-61.

25 *Ibid*., p. 59.

26 *Chicago Tribune*, "Assembly will get bill to halt fast foreclosures " (march 29, 1977).

27 "An Act to provide for the regulation of mortgage bankers kers" (Illinois Revised Statutes, Chapter 16½), Section 5 (a) - (d).

28 *Ibid*., Section 4, (1) - (4).

29 *Ibid*., Section 6.

30 *Ibid*.

31 *Ibid*.

32 *Article XV on the Rules and Regulations* (Proposed), Office of Savings and Loan Commissioner, State of Illinois.

33 *Supra*., Note 27, Section 6.

34 *Supra*., Note 32.

35 *Supra*., Note 27, Section 9.

36 *Ibid.*

37 *Ibid*., Section 10.

38 *Ibid*.

39
Ibid., Section 11.

40
Letter from John P. Davey to Don Hoagland, Aide to Governor James Thompson (August 23, 1977).

41
Letter from Joseph L. Pagliari, President of Greenebaum/O'Brien and Company, Inc., to Julian D'Esposito, Aide to Governor James Thompson (July 5, 1977).

42
Ibid.

43
For verification of this point, see Joseph Moskal, Neighborhood Preservation Project Director, Illinois Public Action Council, Chicago, Illinois.

44
Supra., Note 41.

45
See Florida Statutes Annotated, Title XXXI, Regulation of Trade, Commerce and Investments, Volume 16, Chapter 494, Mortgage Brokerage Act (Atlanta, Georgia: Harrison Company Publishers, 1974).

46
Ibid., p. 8.

47
Ibid., p. 10.

48
Ibid., pp. 13-16.