

From: "Jim Vandegriff" <jimv@citistar123.com> on 03/31/2008 02:20:03 PM

Subject: Regulation Z

To Whom:

Current law requires me to disclose my fees and the amount of compensation I'm receiving on a loan. I think the spirit of regulation Z is fine, but I have a problem with the requirement to disclose prior to a full application being taken. Many of the people I speak with are already aware of how I get paid if they do a loan with me. I will even go to the extent of informing my clients and prospective clients the meaning of yield spread premium and what it means to me. I've found that if the client is informed how I get paid, they won't mind that charge a point or set the rate at a certain number because they know I DON'T WORK FOR FREE! If anything I have undercharged in the past because I'd rather have the referrals in the future rather than try to get the most out of a loan in the present. Our industry has been tarnished by some bad operators no doubt, but don't crack down now with tighter rules about disclosure of compensation because most of those bad operators are already out of the business.

Brokers presently in the state of Maryland have to be licensed through the Department of Labor, Licensing and Regulation. And I feel that this is also a positive step to eliminate the unscrupulous actors that have cast our industry in the shape that it's in right now. Consumer confidence is understandably low, but because we are required to be licensed, and undergo state certified bi-annual continuing education the class of broker left to fulfill these standards will be better. And as a result you will see fewer bad loans going forward. And an eventual return to purchasing and refinancing once the median home price stabilizes somewhere between now and the end of 2008, possibly even early 2009.

Don't pass this reg Z...it's bad for our ability to quote the fees associated with a particular loan. Case in point...I was given the name and number of a highly compensated individual who works in the T V industry. As usual I completed an application with her, and felt that she was a very qualified candidate for the purchase of the condo unit she'd been renting in her building. Her income and assets appeared very strong, and I was very confident that she would qualify because this had been a referral from a real estate agent that I had worked with in the past. However, when I looked in at the credit report I was surprised to see a comparatively low score. When I tried to give the borrower some advice on how to improve her score so she could be a better candidate for loan terms with me or ANY OTHER LENDER she became indignant and mildly contemptuous. What if I had gone to the effort of HYPOTHETICALLY presenting her with terms for a PRIME loan candidate with assets, income but a solid score 150 points higher. I'd have been right with the income and assets, but not the score hence a MAJOR waste of my time and hers.

I ask you not to regulate my job out of practicality. I've worked in the past for AmeriQuest Mortgage Company and Aames Home Loan and can state with no uncertainty that I work at present with the most ethical and professional lending operation in the business. We are like most other broker shops out there trying to make a living now that the market has softened and business is slow. Imposing Reg Z is unnecessary as we have to disclose to the borrower all loan costs before he closes anyway. What we need is more support, not more regulation.

I'd like to think that someone took the time to read this because I put a lot of time into it...

Respectfully,

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