

From: "Glen Glines" <gglines@centuryoakmtg.com> on 04/02/2008 08:45:02 PM

Subject: Regulation Z

Dear Sirs

I would like to comment on the proposed rules changes to Regulation Z.

First off I understand your concern and desire to protect the borrower from unscrupulous lenders. I have spent 25 years in the loan origination business and have seen lenders of all sizes and configurations offered what I would describe as loans that are not in the best interest of the borrower.

As a mortgage broker who has originated hundreds of million of dollars in loans, I am proud to say that to my knowledge I have never had a borrower default on a loan obligation.

The current atmosphere of blame someone, anyone has truly gotten out of hand.

I conduct business in an extremely competitive environment where pricing to the consumer is very critical. Marketing dollars are spent freely by large lenders and aggressive lenders who then seek to recoup these costs through additional origination income or higher rate yield compensation.

The line between a Bank, Mortgage Banker and Broker is often indistinguishable in the eyes of the borrower. In practice the business activities of these three groups are the same. Originate a loan, package it for funding, package it for sale and service the loan. We all do the first two activities. In my case I leave the last two to my wholesale lender and subsequent service providers.

My only source of income is the origination income paid as a percentage of the loan amount and the possible YSP.

The origination fee is a known commodity and very easily can and is disclosed up front as per the current requirements of Reg Z.

The YSP if the loan is priced that way may or may not be a known value and as such may change as the application package is processed for funding.

This YSP in its entirety is disclosed to the borrower, even when a majority of the YSP will be used to pay the borrowers 3rd party fees.

In cases where the borrower has selected to do a no up front cost loan then this YSP is used to pay the administrative and 3rd party fees.

Your proposed rule change would limit the borrower's option of taking advantage of this borrowing strategy with a broker. The only parties able to provide this would be the Banks and the Mortgage Bankers. Further more there would be no disclosure of the income that these entities are earning on the transaction. This "transparency" to the customer when dealing with a Broker and lack of transparency on the part of a Bank or Mortgage Banker can only serve to harm the customer via higher rates on the part of the Banks and Mortgage Bankers.

The proof of this harm is in the Wholesale agreements that I have signed with Banks and Mortgage Bankers. I have been restricted from selling a loan at less than the retail price of the funding lender. There by protecting the wholesale lenders retail income.

Any rule changes should apply across the mortgage delivery channel; this is the only way to ensure cost transparency to the borrower.

While I appreciate the efforts you are taking to protect the consumer, comprehensive reform can only be

affective with complete transparency to the consumer. Selective transparency only breeds competitive imbalance, further consumer confusion and potential higher costs.

Best Regards

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