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Subject: Regulation Z -- Truth in Lending

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Comments:

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Comments:

We're a \$970 million mutual savings bank that's done business the right way for over 100 years. Our delinquency rate is less than 1%. In general, we strongly support efforts creating more appraiser independence due to the many abuses (primarily) in the mortgage banker and mortgage broker arena. Having served five years on the New Hampshire Board of Appraisers, I've seen much abuse first-hand. However, we have concerns with the interim final rule. First, the rule doesn't account for the "Senior Lender" organizational model employed by many small and mid-sized community banks. I am responsible for Loan Origination, Underwriting, and all aspects of mortgage lending for the Bank. Therefore, I'm accountable for both the quantity and quality of our originations and portfolio. The rule is unclear whether my position is considered "Loan Production". Obviously, I believe it is be poor policy to consider me and those like me as Loan Production staff and completely excluded from the appraisal process when we often have the most experience to offer. More clarity on this organizational model is needed to allow Sr. Lenders to exercise their judgments in all matters they oversee. Uprooting departments in smaller institutions to comply with the rule is impractical and unnecessary regulatory burden. Second, the inclusion of the phrase "offering or negotiating loan terms" as part of the Loan Production Function definition is problematic. In our institution and many others like us, loan underwriters frequently contact customers to lay out alternatives if the customer doesn't qualify for the product applied for. A good example is when a property under-appraises and we counteroffer a lesser amount. Rather than inefficiently route the process back through the Originator who has no lending authority, our Underwriters contact customers directly and are in the best position to find the right solution for the customer. We recommend the phrase "offering or negotiating loan terms" be stricken from the Loan Production Function definition. The remaining language excluding Underwriters from the definition sufficiently

addresses the issue. Last, we recommend the term "Loan Officer" be stricken from the 42(d)(1)(i)-2. Job titles don't necessarily describe the employee job functions. Many institutions utilize the Loan Officer title differently. For example, ours primarily underwrite consumer and home equity products, having no origination responsibility. As written, the rule will require us to change their job titles (requiring Bank Board approval), but their duties will be unchanged. That serves no useful purpose and simply adds regulatory burden of no value. We recommend replacing "Loan Officer" with "an employee in the Loan Production Function". I appreciate the opportunity for comment. Ken Wells Sr. Vice President, Retail Lending Mascoma Savings Bank