Board of Govenors of the Federal Reserve
RE: Docket No. OP-1374

Dear Board of Governors,

This is in response to your proposal on the docket for Loan Officer Compensation with Mortgage Companies. I have been licensed in real estate for over 10 years now. I have worked with a very reputable mortgage loan officer Erika Naegelin, who works very hard for our mutual clients. She is motivated by doing her job well because she is paid a commission and expects her clients to come back to her each and every time they need a home loan. She has never discriminated against any of our mutual clients, who run across the spectrum of nationalities and a majority in our market place are minorities.

This proposed move by the federal reserve, with all due respect, would hurt the consumer and even myself as a related industry professional who relies on her to do her job well as a loan officer. Sales people are motivated to do well, and meet goals and therefore should be compensated as such. Sales means earning commissions.

I had clients in the height of the subprime age, who some chose subprime loans. However, it was only because they wanted 100% financing, when the subprime loan was the only available option. Not because they were not given any other choice. My loan officer always offered all the products she had to choose from, and that was including the FHA program. However, a large majority of the consumers who ended up choosing subprime, was simply because the attractiveness of the 100% financing. FHA didn't offer this, and so therefore they felt subprime was their best choice. She always made sure that our clients knew they had choices, and the client was always the one who made the decision and could always tell me the reason behind their choice when it was all said and done.

Realtors, appraisers and even title company closers require education, continuing education and licensing and yet the profession of mortgage lenders does not. This is where I think the change needs to occur. Require a loan officer to have education, experience, and certification with continuing education requirements. Hold them accountable from that perspective. The NMLS and Safe Act from what I have read about it, helps to hold loan officers accountable and a place for consumer complaints and I think this is a great start. However, there needs to be more in the way of training and education. Erika is a testament to the loan officer that has paid her own money to do this, not because it was required, but because she wanted to show she was a professional to her clients and referral partners.

Lastly, if this comes into play where a loan officer is only paid a flat fee for their work, I would definitely expect the consumer to suffer substantially. It would be like a bank's set of hours to reach the loan officer: Mon through Friday 9-5 and not able to speak to anyone after hours or on weekends. Be aware that this will create a delay in closing. Delays that the borrowers are already suffering from at some of the bigger banks where compensation has already been eliminated. Right now, Erika is motivated to help by speaking after hours, weekends, and even meet with clients when it is convenient for them and me. By restricting what a loan officer can earn, we will see service to the consumer suffer.

Stick to compliance training, education, certification, and continuing education within the mortgage industry and I think the United States consumer would be better off. Leave the free market of the mortgage industry the way that it is, but with restrictions on who can do the loans and what their qualifications are to hold the largest debt in their hands for the average consumer.

I appreciate your taking the time to read and listen to me.

Sincerely,

Amanda Gibson-Tidmore
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