

From: Summit Mortgage Corporation, Andy Lugo
Subject: Reg Z - Truth in Lending

Comments:

Federal Reserve Board of Governors:

You are currently taking comments on the above referenced Docket. It looks like this potential/proposed legislation seeks to limit the income that a professional mortgage originator can earn on a per transaction basis. I am a college educated individual with a B.S. degree in Financial Management. I have a California Real Estate Broker's License and more than 19 years of experience in financial services. I provide a level of service that is higher than most with a foundation of knowledge that certainly exceeds 90% of the individuals who currently originate mortgages.

So, I ask you to consider and justify why my experience and service levels would be considered equivalent to a 19 year old high school graduate who is nothing more than a data entry clerk at Bank of America who is given the title of loan officer without any foundation in education post his/her high school, any state mandated certification or minimum number of years of experience. I certainly deserve to be paid what I believe I am worth and what my clients believe I am worth. This is a commission paid industry and there's no reason why you or any other body of the federal government needs to get involved with "this" aspect of the transaction unless you want to force out people like myself whose personal investment, experience and education are worth more than what you want to legislate. However, the upside is that the consumer will be have a sea of loan originators to chose from who probably misspell the word mortgage 50% of the time much less know the myriad of pros/cons for each of the mortgage products available from a sea of lenders.

A Solution Already Exists:

Believe it or not, you already have a perfect document that should correctly level the playing field for all lenders and therefore provide a measure for the consumer to compare one offer vs. another - it's called Federal Truth in Lending Disclosure Statement (TIL). This document calculates the most important number in the whole mortgage application which is the APR. I am pretty sure you know you know of it and how it works. What you may not know is that the TIL is being manipulated in the way that it is initially disclosed to the consumer. Some originators (such as myself) provide the client with every possible known fee that may occur as a part of this transaction while others only fill in the fees that only pertain to the lending aspect. They exclude escrow fees, title fees, appraisal fees, impound/escrow reserves, MIP, etc.

Sanity and Education:

I do, however, agree that sanity AND education needs to be re-introduced however it should be done with respect to the lenders' underwriting guidelines and responsibility post closing. In my opinion, it seems like the real issue was in the securitization process of mortgage backed securities.

Sincerely,

Andrew Lugo

Summit Mortgage Corporation