From: Dedicated Mortgage, Dale W. Doughty, Jr.

Subject: Reg Z - Truth in Lending

Comments:

Dear Federal Reserve Board:

The idea of regulating how a Loan Officer is paid is a dangerous precedence that not only will substantially reduce the level of competition that naturally lowers pricing but will significantly lower the level of professionalism and training that the average Loan Officer will have. Convincing someone who makes a career as a Loan Officer and earns $100,000 per year, as an example, will be impossible if you tell them that they need to take a substantial pay cut. This will simply cause well-trained, experienced and licensed Loan Officers to leave the industry and join the insurance industry, the auto business or any other sales industry where commissions are not controlled. Furthermore, the industry already states that the income earned off of a loan cannot exceed 5% of the loan amount. The average loan takes 45 days to close. So, in the State of Maine, where our average loan is around $100,000, the maximum that can be earned is $5,000. I can tell you that 19 out of 20 loans will never come close to this. The people who are securing mortgages in this day and age are financially worthy and savvy individuals. The subprime problem corrected itself, along with the borrowers who would pay any rate and any amount of closing costs to get approved. All of that is gone. So, let us assume our average income is $3000 per loan. Out of that $3000, we pay the loan officer $1500 and the balance is used to pay office overhead, processing personnel, advertising, taxes, training and licensing fees, management compensation, etc. The Loan Officer, if he/she is wise, invests some of that $1500 into marketing themselves, maintaining their individual licenses, transportation costs, office expenses, etc as most are 1099 employees and are responsible for many of these expenses. Regulating how much a broker or loan officer is allowed to make further will put 1000's more out-of-work and close 1000's of small businesses across the country.

If you want to continue to further regulate our industry, prosecute and get rid of the bad apples and let the professionals continue to serve our clients. My company, as an example, has nearly 50 years of combined experience in the office and has never had a complaint filed against it. The company we represent is rated A+ by the BBB. Our company employs over 100 people with good paying jobs in three states and I could inundate you with testimonials from our happy clients. Why would you want to jeopardize the future of a company like ours? Why does the government want to "own" the banking industry? This industry was nearly destroyed, not by loan officers, but by investors on Wall Street whose insatiable appetite for Mortgage Backed Securities was so out-of-control that the banks couldn't sell loans fast enough to keep up with the hot demand. Now, we have to work a file for 30 to 45 days and deal with several lenders and many scared underwriters before we can get even the cleanest files closed and what few investors are left, scrutinize every loan. As an "insider", it seems obvious to me that the mortgage industry has had its correction and has learned its lesson. Will human nature somehow forget about this mess some day? Probably, but regulate it from the top down, not the bottom up.

I own the Waterboro, Mainebranch of Dedicated Mortgage. This opinion is mine and not that of Dedicated Mortgages. I do not know what their opinion is and it is not up to me to decide.

Respectfully,

Dale W. Doughty