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December 23, 2009
Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20511

Re: Proposed Changes to Closed-End Mortgage Rules (Docket No. R-1366)

Dear Sir or Madam:
Thank you for the opportunity to comment on the proposed rule amending Regulation Z with respect to closed-end mortgages. I am a loan originator working in Dallas, Texas. Having witnessed first-hand the subprime mortgage meltdown, I agree that there have been problems within our industry. However, I have some real concerns with the proposals regarding loan originator compensation.

My employer is a mid-sized lending institution. Loan originating has become more complex and our customers often present unique or complex circumstances that make originating and processing their loan applications time consuming and at time very difficult. I spend a great deal of time on these applications to ensure that they get the extra attention they need and to make sure that the application process goes smoothly for our customers. This level of attention is often not available at large national lending institutions that take a more "one size fits all" approach and focus solely on volume and production.

In order to compensate me for the extra work that I put in on these loans, we sometimes need to charge the customer a higher fee or a higher rate. Often the borrower will prefer to pay a higher rate, either because they do not have additional funds to bring to closing or they are already at the maximum loan to value limit.

If the proposed rule prevents my employer from paying adequate compensation for these loans, loan officers will be less inclined to take on the more complex loan applications. Instead, they will focus primarily on the straight-forward, conventional loan applications that are less time consuming. The unfortunate consequence of this change in focus will be to make it even harder for many deserving consumers to obtain a mortgage loan, particularly those in underserved communities and/or small business owners.

If the Board adopts the proposed restrictions on loan originator compensation, the limits should apply only to the riskier products that were at the heart of the subprime meltdown. Because conventional prime loans do not create the same potential for abuse, the Board should exclude these loans from the restrictions on loan originator compensation and allow for pricing discretion in these loans.

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Also, the new SAFE Act requirements for loan originators, including extensive background checks and rigorous testing and continuing education requirements will significantly curb the past abuses that precipitated this proposal. The Board should wait to allow the SAFE Act a chance to work before piling on additional and burdensome regulation on loan originators.

Once again, thank you for the opportunity to comment on the proposed rule.

Respectfully submitted,

Lewis Brooks

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