

From: First Bank Mortgage, David Holloway
Subject: Reg Z - Truth in Lending

Comments:

December 14,2009

Board of Governors of the Federal Reserve System
20th St and Constitution Ave, NW
Washington, DC 20551

Re: Docket Number R-1366

Ladies and Gentlemen:

I have been in the mortgage business for thirty four years and this year is by far the most far reaching year for regulation of our industry. In regards to the above pending legislation, I feel the Board's revised rules are excessive and redundant to regulations that have already been addressed this year. Regulations implemented this year have included HVCC to confirm independence in the appraiser selection, Mortgage Disclosure Improvement Act (MDIA), RESPA revisions and TILA revisions. I agree revisions may have been necessary, however many of these revisions have caused consumer delay in loan closings and additional expense to the consumer. I feel many of the proposals for increased consumer awareness in this legislation have already been addressed in recently enacted regulations.

Requiring additional disclosures and a revised annual percentage rate (APR) calculation will cause additional implementation costs for lenders which have already borne the expense of numerous regulatory changes this year. I feel the Board should delay implementation of any new regulations and revisions until at least 2012.

I feel the new Good Faith Estimate is extremely confusing for both lenders and consumers, and it will take many months for the never ending questions to be answered. The Board should not impose additional new disclosure requirements until the mortgage industry has had sufficient time to implement all of the changes which have already been enacted.

Regarding the Board's proposed revised APR calculation, the Board must be aware that changes could result in more loans being considered "High Cost" or "Higher Priced" mortgage loans. As a conservative bank mortgage company, we will not close a loan that is a "High Cost" or "Higher Priced" mortgage loan. The proposed rules will place more loans in this category and therefore negatively impact the ability of consumers to obtain mortgage loans, particularly those seeking small loan amounts.

I feel the proposed changes to Regulation X are duplicative to requirements for early disclosures already in place. The Board and HUD should work together to reduce duplicate disclosures and require only one governing body. The additional disclosures and graph requirements have little meaning to borrowers who are more concerned with what is the monthly payment and how much are the closing costs. The additional burden on lenders for implementation will again be passed on consumers. For all the revisions to the new Good Faith Estimate, there is no where on the form that informs the consumer of their full proposed

payment to include principal, interest, taxes and insurance, nor does the new form inform the borrower of their required cash to close the transaction. These new requirements would have little meaning to the consumer, yet would cause great expense for lenders to implement.

All of the proposed regulations are already being covered during the mortgage application process. As part of RESPA, Lenders are required to provide loan application disclosures which already inform the consumer. Any additional disclosure requirements would only cause additional delay for the consumer.

I am most concerned with the Board's proposed prohibition on payments to loan originators based upon terms and conditions of the loan. I have concerns that it is inappropriate for the Board to become involved in determining appropriate compensation in the private sector. Many Banks, such as our own already place limitations on the total loan officer compensation per loan. This should remain an employer / employee negotiation. Our bank employs ten mortgage loan originators. As with any other business with associates paid on commission basis, each mortgage originator is successful to his or her own ambitions, desires and drives. A better alternative would be to limit loan officer compensation to those particular loans that are "high cost". or "higher priced".

In conclusion, I feel the mortgage process is already sufficiently regulated and provides for adequate consumer disclosures and safeguards. Any additional added regulations or disclosure requirements would only cause additional expense and confusion to the mortgage process.

Sincerely,

David P. Holloway
First Bank Mortgage