From: Lynn D Clayton

Subject: Reg Z - Truth in Lending

Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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December 21, 2009 Jennifer J. Johnson Secretary Board of Governors of the Federal Reserve System 20th St and Constitution Ave, NW Washington, DC 20511 Re: Proposed Changes to Closed-End Mortgage Rules (Docket No. R-1366) Dear Sir or Madam: I am a loan originator in Scottsdale, Arizona and service a large part of Phoenix metropolitan area as well. I have originated loans for customers from all walks of life for the past 23 years. Although the subprime mortgage meltdown initially started the wave of defaults and foreclosures, I have grave concerns for the proposed rule amendments to Regulation Z with respect to the closed-end mortgage compensation for loan originators. Many of us originators did only FHA, VA and conventional loans without prepayment penalties and other types of pitfalls. In my line of work, and especially since I speak Spanish fluently, my customers often have unique, difficult and complex financial situations that require more time and effort to get them to meet the guidelines and get approved. I work for a mid-size lending company, and take the time to help these clients get their loan and answer their questions. The high quality of service is not available through large banks because they tend to focus on volume and production without regard to individual needs. Sometimes these loans will get charged more fees or higher interest rate, because the loan size is so small and the time involved so great. If the new rule prevents my company from paying me adequate compensation for these types of loans, I will not be able to service those clients, because I will have to spend more time on the straight-forward, conventional loans that pay more and are far less complicated. This in turn will make it more difficult for borrowers in the underserved communities less likely to get the assistance they need to get a mortgage loan. It will hurt minorities and small business owners whose tax returns are complex and require more time to analyze. If your Board adopts the proposed restrictions to our loan originator compensation, those limits should apply only to the riskiest products that were the subprime type of loan. It would be advisable to exclude conventional prime loans from the restrictions as they do not create the same type of risk. Our pricing discretion on those types of loans is to meet the quality of service expected by clients. Lastly, the SAFE Act requirements for loan originators, with the extensive background checks, tests and continuing education requirements will weed out the past abusers that were cause for this proposal. I would ask the Board to give the SAFE Act a chance to work and wait to pile on any additional, burdensome regulation on us loan originators who are honest, hard-working and care for our customers. The last thing I would want for a customer is a loan product that would jeopardize their home ownership. Thank you for the opportunity to comment on your proposed rule. Respectfully submitted, Lynn Clayton