

From: Michael D Zugheri
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 Street and Constitution Ave, NW Washington, DC 20511 Re: Proposed Changes to Closed-end Mortgage Rules (Docket NO. R-1366)

Dear Sir or Madam: I appreciate the opportunity to address the FRB and comment on the current proposal to amend Regulation Z as it relates to closed-end mortgages. I am a Production Manager in Houston, Texas. I witnessed first-hand the meltdown of our industry due to subprime loans. I am in full agreement that there should be additional consumer protections in place during the loan process however I have a deep concern regarding the proposed regulation of loan originator compensation. I work for a mid-sized mortgage banker. I carry a Certified Mortgage Planning Specialist designation and have a BS degree in Business Management. I have been employed in mortgage loan origination for nearly 8 years. This is my chosen profession and I love it. However in my experience I have found that no two files that are the same. Many clients have more complicated files due to credit challenges or unique situations. As a result, some files require more attention and tend to be more time consuming and difficult. As a mortgage professional and CMPS I am positioned to advise these borrowers on how to establish or increase credit scores which ultimately leads them to home ownership. We have many cases testifying to this. If loan officer compensation is greatly reduced who is going to take the time to advise these clients? If the proposed rule prevents my client from paying adequate compensation for these loans, loan originators will be much less willing or inclined to take on more difficult loan files. They would focus more on what we call cookie cutter loan files. They would also only focus on the applications that are much less time consuming. I feel the consequences would be catastrophic to the consumer. Basically, many deserving consumers, i.e. business owners or underserved communities would have a much more difficult time obtaining mortgage financing. If this passes the mortgage industry will

be comprised of a few gigantic banks with call centers. Customer service will cease to exist, any loan file outside of the "box" will not be made, turn times will be horrendous and the underserved minority client will suffer the most because there will be no one to help them. I believe the Board should focus on the loan products that caused the mortgage crisis and regulate those types of loan products. Conventional and FHA prime loans do not create the same type of risk and potential for abuse that sub-prime did. As a result I believe the Board should exclude these loans entirely from any and all restrictions being proposed and allow the originator pricing discretion for a more difficult and/or time consuming loan file. Please allow legislation that has already been passed and enacted time to work. The SAFE ACT requirements for loan originators include extensive background checks, continuing education and testing. I ask that the Board let this piece of legislation take its course before trying to place even more regulation on our industry. Sincerely, Mickey Zugheri Mickey Zugheri, PrimeLending