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Subject: Reg Z - Truth in Lending

Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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Re: Proposed Changes to Closed-End Mortgage Rules (Docket No. R-1366) I appreciate the opportunity to comment on the proposed rule amending Regulation Z with respect to closed-end mortgages. I am a mortgage banker working in Dallas, Texas and have been originating loans for over 10 years. I have witnessed first-hand the subprime mortgage meltdown and I agree that additional consumer protections in the residential mortgage industry are needed. However, I have some concerns with the proposals regarding loan originator compensation. I work for a small to mid-sized lending institution. Our customers often present very unique or complex situations (inaccurate credit reports, thin credit due to being new to the country, non-occupant co-borrowers, recently divorced, limited cash to pay closing costs, HUD REO's, 203K -construction loans) that make processing their loan applications very time consuming and difficult. I spend a tremendous amount of time on these consumers to ensure that they get the extra attention they need and to make sure that their application process goes smoothly for them. 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. The proposed rule will eliminate the customer service aspect of mortgages and force it to be a commodity where the best rate and fees win instead of the best rate and fees based off of the level of customer service and attention that a client will receive based on their circumstances. The proposed rule will remove interim rate financing options for consumers, potentially limiting their ability to obtain loans or forcing them to take on more debt over time. For example, if a consumer desires (or is required in order to qualify) to pay some upfront fees to reduce the overall costs to be financed over the life of the loan and hence partially reduce their monthly payment (as opposed to financing any costs through the rate); they would not be allowed to do so. Instead, if they do not have enough cash to cover all of the

costs up front, (or simply want to preserve some cash on hand), their only choice would be to finance all of the costs through the back end at a higher interest rate, higher payment and overall higher debt. Once again, I appreciate the opportunity to comment on the proposed rule. Respectfully, Tim West