



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)

Madame:

PrimeLending, a PlansCapital Company (“PrimeLending”) is a Dallas based mortgage lender with direct underwriting authority with HUD. We are one of the top rated lenders in Texas. As part of our retail operations, we employ in excess of 750 loan officers who represent PrimeLending and who deal directly with borrowers in connection with loan applications, loan processing and loan closing.

We believe that borrowers should be informed concerning the loan they are seeking and applaud efforts to make the lending process more understandable to borrowers not only for the sake of the loan they will make but also to enable them to properly compare the loan products from various lending sources.

We appreciate the opportunity to comment on the proposed changes to closed-end mortgage rules, (Docket No. R-1366) in that we have definitive thoughts on the matters there in contained.

We have objection to the inclusion of lender employees as being included in the definition of “loan originators” for the purposes of compensation. We believe that the Truth-in-Lending Act was not intended to nor does it regulate compensation that employers pay to their employees. We understand the issues that have been raised over the years including the HUD Statement of Policy 1999-1 regarding mortgage broker compensation. We understand that there are opportunities for lack of communication between a mortgage broker and the borrower as what is the role of the mortgage broker as well as opportunities for abuse of compensation for mortgage brokers and we support measures to prevent such improprieties. However, as written the proposed regulations would prevent an employing lender from determining the proper compensation for their employees. In our opinion the Truth-in-Lending Act was never meant to limit an employer’s ability to freely negotiate and establish compensation packages for their employees. Since a lender’s employees are not representing or purport to represent the borrower, the abuse issues that may occur in a mortgage broker/borrower relationship to do not exist with a lender’s

employees. Therefore, we would recommend that for the purposes of compensation lender's employees be exempted from the prohibitions of payments to loan originators under Section 226.36(d).

We also believe that the "all-in" approach to the Finance Charge will not achieve the purpose of the Truth-in-Lending Act, which we believe intended to provide a consumer the ability to compare one lender's product with another lender's product. Based upon the current definition of the Finance Charge, the APR will provide a consumer the ability to compare each lender's fees and loan program. By including in the Finance Charge third party charges which the lender will have no control over, the consumer will little be able to differentiate between one lender's loan program and fees from another. That is particularly true where the consumer has the opportunity to shop for and select third party settlement providers. The required Good Faith Estimate ("GFE") under the revised provisions of Regulation X under the Real Estate Settlement Procedures Act, will identify the non-lender fees and enable the consumer to shop for the best deal and we believe that is the proper place for such non-lender fees rather than in the Finance Charge. We understand that you have preliminarily addressed this issue in your preamble to the proposed rules, but we believe that the consumer will be better served by the Finance Charges representing the charges that the lender is imposing and having the GFE address the other closing costs.

With regard to the graphical display of the APR, we believe that such a graphical display will enhance the consumer's ability to compare one APR to another. For over thirty years the numerical APR comparisons have served the consumer well and although a chart will provide a picture we do not believe that a chart will provide a more meaningful disclosure than the numerical APR. We also believe that charts of different sizes and scales could be used to minimize the differences in APR numbers rather than emphasize them.

We refer you to the letter dated December 24, 2009 from the Texas Mortgage Bankers Association, signed by its president Mr. John Watson. PrimeLending endorses and supports the comments set forth in that letter.

We appreciate the opportunity to provide our comments to the proposed rules and we hope that you will consider our view in formulating the final rules.

Yours truly,

PrimeLending, a PlansCapital Company

By:   
Roseanna McGill, CEO