From: Chris Nooney

Subject: Reg Z - Truth in Lending

Comments:

Date: Dec 21, 2009

Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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Comments:
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 professional loan originator in Houston, Texas. I witness 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. My company is a mid-sized mortgage banker. I am a Certified Mortgage Planning Specialist and have taken pride in this designation and what it represents. I have been an originator in this industry for nearly 7 years and have not had two files that were the same. My clients
often have more complicated files due to self employment or relocation. As a result, these files require a more attention and tend to be more time consuming and difficult. As a CMPS I also take a different approach to lending by identifying my clients long and short term finance and investment objectives as they relate to the mortgage. We look at different leveraged positions to ensure that a financially prudent decision is made. I do not feel nor believe that this level of attention is provided by the larger, national lending institutions that focus on volume and production. I compare this to having a true financial advisor who creates a financial plan around your goals as opposed to have an investment advisor who only invests your money and nothing more. As a result of the approach that I take for the additional time required on my client's loans, I sometimes need to charge the customer a higher fee or rate. Often, my clients prefer to do so either due to lack of funds to close or they are at a maximum limit on loan value. I feel that the proposed rule will

drive true professionals from our industry, therefore limiting the consumers ability to choose their level of service. 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 that would normally be Conventional loans. 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.   I believe the Board should truly look at the loan products that caused the mortgage meltdown and regulate those types of loan products. Conventional prime loans do not create the same type of potential for abuse. As a result I truly believe the Board should exclude these loans entirely from any and all restrictions being proposed and allow the originator pricing discretion. Please allow legislation that has already been passed and enacted time to work. The SAFE ACT requirements for loan originators includes 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. Thank you again for the opportunity to comment on the proposed rule. Respectfully submitted, 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 professional loan originator in Houston, Texas. I witness 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. My company is a mid-sized mortgage banker. I am a Certified Mortgage Planning Specialist and have taken pride in this designation and what it represents. I have been an originator in this industry for nearly 7 years and have not had two files that were the same. My clients often have more complicated files due to self employment or relocation. As a result, these files require a more attention and tend to be more time consuming and difficult. As a CMPS I also take a different approach to lending by identifying my clients long and short term finance and investment objectives as they relate to the mortgage. We look at diferent leveraged positions to ensure that a financially prudent decision is made. I do not feel nor believe that this level of attention is provided by the larger, national lending institutions that focus on volume and production. I compare this to having a true financial advisor who creates a financial plan around your goals as opposed to have an investment advisor who only invests your money and nothing more. As a result of the approach that I take for the additional time required on my client's loans, I sometimes need to charge the customer a higher fee or rate. Often, my clients prefer to do so either due to lack of funds to close or they are at a maximum limit on loan value. I feel that the proposed rule will drive true professionals from our industry, therefore limiting the consumers ability to choose their level of service. 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 that would normally be Conventional loans. 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

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