From: Dawn Robinson

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 23, 2009 Ms. Jennifer Johnson Secretary Board of Governors of the Federal Reserve System 20th Street and Constitution Ave., NW Washington, DC 20511 RE: Proposed Changed to Closed-End Mortgage Rules (Docket No. R-1366) Dear Sir or Madam: I have spent a good bit of time evaluating the proposed changes with respect to Regulation Z as it relates to closed end mortgages and I have some grave concerns with pending changes being considered for loan originator compensation. I manage the production arm for a mortgage company in Dallas, TX which is a small to mid-sized lending institution. We provide financing for families all across the spectrum but have heavy focus on Conventional, FHA and VA loans. I have been in the industry for 11 years. I have done jobs as a post-closer, shipper, processor, loan originator, secondary marketing or capital markets, underwriting, product development and most recently as national production manager. I received an undergraduate degree in Finance and then went on to get an MBA from SMU COX in Finance. Real Estate Finance has been my life. Many of our customers are suffering just as people are all across this country. Credit scores have dropped as has the ability to come up with a large down payment. Honestly, there are many unique and highly emotional and complex situations that can make processing their financing requests quite difficult and in many cases very time consuming. They come to us as they know that the level of attention they need is not going to be available from the big lending institutions that remain in the market today. All of the big lenders left today focus solely on volume with little concern for the people that require more time and attention. Based on the proposed rules being considered we will not be able to compensate loan officers for the extra time and effort put in to these loans. Our customers are more than willing to pay a slightly higher rate or fee in order to get their families in to a home. The result of this type of ruling will make it harder for many deserving families to obtain a mortgage loan, especially small business owners and our families from underserved communities. We do loans for many people that have been turned away from other places and it is not because they are bad loans. They just went to a larger institution that typically has a call center type of environment. In this environment the knowledge base is sometimes lacking. We have many loan officers that are past CPA's or PhD's and their level of expertise in structuring a loan is incredible. They are able to read through 100 page tax returns to know how to structure a loan that they would qualify for. That is a different loan than someone that is straight W-2 and they should be compensated differently based on that. If not, you risk loan officers shying away from harder loans which is not what anyone wants to see. The reason for this is simple, if loan officers are not allowed to be paid for the extra time and effort required on these loans they will be much less inclined to take on these borrowers but instead will shift their focus to more conventional, straight-forward borrowers. This is simply a time value of money response that will be very damaging to our country's already fragile real estate market. Add to this the fact that reducing loan agent compensation will simply drive many of the best in this industry, those with higher learning degrees, to seek employment in other finance related industries. This unfortunately will reduce the quality of people working in this industry creating even more difficulty for borrowers already challenged by stiffer lending regulations. Consumer will be forced to deal with large lender call centers that are now sending the origination and processing process overseas. Image the degradation of quality as more and more loan applications are in the hands of people that simply have no clue as to what is required to make bring a mortgage to fruition and make a happy homeowner. Before considering these type of drastic changes to loan officer compensation I would ask the board to allow the new SAFE Act requirements, now in place for loan originators, to do its job. This will continue to include stiffer education requirements, more rigorous testing and extensive background checks. Continue to force our industry to upgrade itself with more licensing requirements if SAFE does not do it job. I would rather have fewer people in our industry because we have such high standards to get in, rather than anyone being able to get in, but the hard loans not to get done. We should be a professional industry. If the proposed restrictions do move forward, conventional prime loans should be excluded from restricted loan agent compensation as they simply do not create the same risk of abuse as do riskier products in the market place. On top of that, the subprime products that createdthe overwhelming majority of this situation are simply not available anymore and should not be allowed to creep back in to the market under any circumstances. Thank you for allowing my voice to be heard on the proposed rule. Respectfully submitted, Dawn Robinson SVP National Production Dallas, TX