

Sharon McCormick

February 16, 2010

Ms. Kathleen C. Ryan, Senior Counsel
Division of Consumer and Community Affairs,
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)

Limiting the income of loan officers based on a per loan basis will result in the highly educated and qualified sales people leaving the mortgage field and moving to other businesses where their income is not capped. The mortgage business will no longer attract smart college graduates. The remaining loan officers will be merely be order takers without ambition or enthusiasm and who are content to spend their life in small cubicles.

As LO's have to concentrate on quantity rather than quality, they will not take the time to help the customers who require lengthy analysis of their circumstances—such as uneducated buyers or the self employed with complex tax returns. The government is always talking about helping the small business owner but this rule will eliminate them from buying houses because the order takers in a call center can't understand their difficult tax returns. This rule will further deteriorate the real estate market by eliminating buyers which will continue to be a drag on the economy. The ruling will definitely limit competition which will hurt the consumers whom you are trying to help.

This rule is similar to telling lawyers that they can only collect \$5000 from each client regardless of the difficulty of the situation or the time involved--no one would go to law school. It is similar to telling everyone in college that they will make a "C" regardless of the time they study or attend class --no one would learn the material.

Recently I had a customer who owned a small sprinkler business. He had six trucks that were paid by his company but showed on his credit report. My assistant spent two days copying checks for the last twelve months to prove to the underwriter that the truck payments should not be deducted from his income. Only a problem solving loan officer could have helped this customer. If this loan were sent to a call center, he would never have been able to buy a house.

Many of my customers are self employed borrowers with thick tax returns containing capital gains, business income, depreciation, income from rentals and many partnerships. In these instances loan officers have to analyze the returns to determine if the borrower can qualify for a loan. If these types of customers go to an inexperienced loan officer, they would be denied. Just

as many customers need an experienced CPA rather than H&R Block, many borrowers need an experienced loan officer.

Another result of limiting income and sending all borrowers to a call center is that eventually the call centers will be transferred to other countries where the cost of employees is lower but the service to the customer is horrible. Who will pay the national debt if business is sent overseas and no one could buy a house.

Suggestions to maintain the integrity and service by educated loan officers:

1. Limit income **only** on the hybrid products that produced our problem such as negative amortizing ARMS and subprime loans.
2. Do not set income limits on conforming loans such as FHA, Fannie Mae, and conforming jumbo loans. The guidelines for these loans have already been tightened during the last two years.
3. Set higher education requirements for loan officers.
4. The new Good Faith Estimate will give the customers the knowledge they need to compare mortgage offers; therefore there is no need to limit compensation.

Since I am 63 years old, your ruling regarding Loan Officer compensation will not affect me very much, but it will affect a business that I love. For the past 20 years I have been helping customers obtain the mortgage that best fits their situation. Should they refinance or not, should they use a 5/1 Arm or a fixed rate, etc With a MBA in finance (GPA 4.0), I thoroughly understand the mortgage programs. As one of the top loan officers in the county, my business is built on repeat referrals because I provide great service and knowledge to my customers.

Sincerely,

A handwritten signature in black ink that reads "Sharon McCormick". The signature is written in a cursive, flowing style.

Sharon McCormick

PrimeLending, A Plains Capital Company