From: Bill Brush

Proposal: 1442 (RIN 7100-AD 87) Regs H, Q, & Y Regulatory Capital Rules

Subject: Regs H & Y Regulatory Capital Proposals

Comments:

Federal Reserve System

I strongly recommend that the Mortgage Servicing Assets (MSAs) limit on capital be maintained at the current 25% level and not be reduced to the 10% limit as proposed.

At the depths of the recent financial crisis, if a homeowner in Nebraska needed a mortgage loan they could obtain that loan through our community bank in partnership with the Federal Home Bank of Topeka. The large banks were not making home mortgage loans and many mortgage loan departments of large banks were not answering their phones. The community banks were the reliable provider of home mortgage loans throughout the financial crisis.

Our bank services many of the mortgage loans that we originate and we depend on Mortgage Servicing Assets as a source of additional capital.

In May, 2012, it was reported that Wells Fargo originated 34 percent of all home loans in the first quarter of 2012. This was during a period when Dodd Frank bill repercussions impeded the ability of our bank to originate mortgage loans in a capital efficient manner.

The proposals to enhance regulatory capital requirements should improve the ability of community banks to originate mortgage loans in partnership with their Federal Home Loan Bank. This was the part of the financial system that continued to work throughout the financial crisis. The limit of the Mortgage Servicing Assets should be maintained at 25% of Common Equity Tier 1 Capital.

Bill Brush
Security State Bank