



HOLDING COMPANY

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February 9, 2009

Jennifer J. Johnson
Secretary
Board of Governors of the
Federal Reserve System
20th St. and Constitution
Avenue, NW.
Washington, DC 20551

VIA ELECTRONIC SUBMISSION

Re: FRB Docket No. R-1340

Dear Sirs:

This letter is in response to the request for comments on the proposed rule amending Regulation Z to implement certain provisions of the Mortgage Disclosure Improvement Act.

The MDIA extends the early disclosure requirements to include "any extension of credit secured by the dwelling of the consumer." We believe this provision is unnecessarily broad. While expanding consumer disclosure is certainly appropriate in situations where a consumer's principal dwelling is on the line, the increased regulatory burden is not offset by the benefits for non-principal dwellings. Consumers that possess the financial means to own more than one dwelling are typically more sophisticated financially and will not benefit from the additional disclosure.

The MDIA's requirement to provide the early disclosures no later than three business days after receiving the consumer's application is appropriate. However, the provision that early disclosures are to be provided at least seven business days before consummation is not. This expanded cooling-off period will significantly lengthen the average time a home equity loan takes to be funded. In the interest of good customer service, many home equity loans we book today are closed well within seven business days. When combined with rescission, this new cooling-off period requires the consumer to wait a minimum of ten business days with very little corresponding benefit. As such, we recommend that junior lien loans not subject to Section 226.32 be excluded from this provision.

The MDIA's requirement for creditors to make corrected disclosures three

days prior to consummation when the disclosures exceed a specified tolerance is acceptable. However, the requirement should be clarified that an overstatement of the APR does not trigger redisclosure. There is no corresponding harm to the consumer in situations where the APR was originally overstated. On the contrary, the consumer benefits from the change in loan terms that results in the lower APR at closing.

The Board has requested comment on the definitions of "business day". While we believe that the more precise definition is superior, the more critical consideration is consistency. It is absolutely essential that the definition used is consistent. It will be very difficult for personnel to properly apply different definitions.

The Board has requested comment on whether modification or waiver should be permitted only if the consumer's *bona fide* personal financial emergency must be met before the end of the required waiting period. We believe that this proposal would be very difficult to enforce (lenders should not be required to police the borrower's personal emergency) and would provide little protection to consumers.

The Board has requested comment on whether there are circumstances, other than pending foreclosure, where the consumer may want to consummate the transaction prior to the end of the waiting period. In short, of course there are. Personal financial emergencies are as varied as the consumers who borrow. It would be wrong to limit the definition to pending foreclosure.

The Board also seeks comment on whether it is necessary or appropriate to change the timing of HELOC disclosures. It would be extremely difficult to base "final" disclosures on a consumer's initial plans for the line. Consumers often change their minds. Requiring the consumer to draw a line he or she has decided not to draw or not allowing a consumer to draw when he or she has decided to draw just so the disclosures can be accurate is patently ridiculous. Consumers will not benefit and may be harmed instead.

Thank you for your consideration.

Sincerely,

Jeff Asher, CRCM
Senior Vice President