



**GULF COAST BANK**  
**& Trust Company**

March 5, 2007

Federal Reserve  
Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551

Robert E. Feldman, Executive Secretary  
Attention: Comments  
FDIC  
550 17<sup>th</sup> Street, NW  
Washington, DC 20429

**RE: Statement on Subprime Mortgage Lending  
DOCKET NO. XXXXX**

I would like to comment on collateral dependant loans with little or no income verification. Clearly none of us wish to see lenders making loans for the purpose of foreclosure however, some of us lend to borrowers who can not document their income. In our community many of the fishermen have little declared income but excellent pay histories.

I would suggest that if an institution engages in this type of lending but simultaneously has average or lower foreclosure rates then an exception be created, particularly if the loans are held in portfolio.

I would also like to comment on pre-payment penalties. For primary residence loans pre-payment penalties should be prohibited. This would discourage lenders from overpricing loans since as soon as the borrower found that they were paying too much they could refinance. This one reform would go a long way toward eliminating many of the predatory practices since overpriced loans could not then be sold at a premium and securitized.

Sincerely,

Guy T. Williams  
President