August 26, 2008

Jennifer Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue
Washington, DC 20551

Subject: Docket No. R-1321 Proposed Amendments to the Home Mortgage Disclosure Act

Dear Ms. Johnson:

Boeing Employees' Credit Union ("BECU") appreciates the opportunity to comment on the Federal Reserve Board's ("Federal Reserve") proposed amendments to Regulation C – the Home Mortgage Disclosure Act (HMDA). BECU is a federally insured, state-chartered credit union with assets of $8.1 billion representing a membership base of over 573,000 members. In 2007, BECU reported over 10,000 HMDA reportable loan applications.

BECU's Views on the Proposal

1. The Federal Reserve is proposing to change the threshold percentages and base them on the average prime mortgage rates as determined by the Primary Mortgage Market Survey (PMMS) completed by Freddie Mac. Currently, threshold percentages are based on a formula that computes the difference between the lender's rates against the Treasury Securities rates. The difference is 3% or more for the first lien and 5% or more for the subordinate lien. The proposal is changing the percentages to 1.5% or more and 3.5% or more, respectively. The purpose of the change is to be consistent with the recent Regulation Z amendments as well as compare rates that are more in-line with current mortgage rates.

The proposed spread causes some concern as this would cover a number of loans not within Regulation Z's "higher-priced mortgage loans" warranting stricter regulations, all prime jumbo loans. BECU believes that the Treasury securities used should mirror the requirements under HMDA, using the same HMDA timing requirements of using the Treasury security yield as of the 15th of the month preceding the month the rate is locked rather than the proposed yield as of the 15th of the month preceding the month in which the application is received. BECU recommends consistent dates to lessen the time and expense necessary for vendor programming and lender compliance.

BECU does not believe that Freddie Mac PMMS is an appropriate benchmark to determine the average prime mortgage rate. BECU is concerned that the proposed current "market rate" is a rate that is highly volatile, changing significantly as an impact of political, industry and economic events. This will result in more loans being reported than just the subprime and "alt-A" loans, as intended by the Board.

Additionally, BECU is concerned that the Freddie Mac PMMS only considers 30 year, 15 year, 5/1 ARM and 1 year ARM products in its analysis. How will the Federal Reserve determine the rates on other products that are in the market place? BECU currently offers 40 year fixed, 10 year fixed, 3/1 ARM, 7/1 ARM products to name a few. BECU recommends that if some of the lenders' products are not on the Federal Reserve's website, that clear direction is provided on which products Lenders should use when performing rate analysis.

3. The Federal Reserve proposes to change the mortgage thresholds to 1.5 and 3.5 percentage points above the most recent average mortgage interest rate. The Federal Reserve seeks comment on whether lenders should be required to use the most recent average mortgage interest rate as of the date in which the lender finally locks in the interest rate before the loan is consummated, as updated on a weekly basis?

BECU offers a special float-down option in which BECU will give borrowers the lower of their locked rate or the prevailing market rate at the time of closing. The proposed changes will require BECU to make the determination as of the day we are drawing documents. BECU is concerned that this may require significant programming to support the proposed changes. This may result in higher costs to lenders that may be passed on the consumers that may lessen the affordability and/or availability of real estate loans to consumers.

4. The Federal Reserve seeks comment on whether the proposed thresholds should apply to loans executed on or before January 1, 2009. In other words, for loans executed on or after January 1, 2009, the determination would be based on new thresholds. If executed before January 1, 2009, the old (current) thresholds apply. BECU responds that there may be an issue with the adoption of the new thresholds. For example, there will be situations where loans are executed after January 1, 2009 when the rate was actually locked before the January 1 date. In these situations, the FRB will start publishing the average prime mortgage rates dating from the beginning of October 2008 that lenders may use for loans locked in on or after October 1, 2008 but originated in 2009.

BECU supports this aspect of the proposal.

5. The Federal Reserve seeks input on the costs and benefits associated with this proposal.

As stated above, BECU is concerned that this may require significant programming to support the proposed changes. This may result in higher costs to lenders that may be passed on the consumers that may lessen the affordability and/or availability of real estate loans to consumers.

Thank you for the opportunity to provide comments on this proposal. BECU looks forward to the outcome.

Sincerely,

Gary J. Oakland
President and CEO

Joe Brancucci
Executive Vice President
President/CEO, Prime Alliance Solutions, Inc.