

From: "David Brownback" <dbrownback@csbanc.com> on 01/18/2008 01:00:02 PM

Subject: Regulation Z

To Whom It May Concern:

Citizens State Bank & Trust Co. is a \$67 million bank located in Ellsworth, Kansas. Mortgage lending is our principal source of loans. We write ARMs which we retain on our books and fixed rate residential loans which we sell on the secondary market. Our residential loan charge off to loan balance ratio the past 5 years has been 0.001.

I am writing to comment on the proposed regulation changes to Reg Z. I believe that calling a residential loan a "higher priced mortgage loan" at 3% over the treasury rate is too low a threshold. Our bank routinely writes 1st mortgage owner occupied residential loans at CMT plus 2.75%. Presently that results in a 5.5% 3 year ARM at our bank. Your 3% limit would include any 3 year ARM yielding over 5.75%. Surely you do not intend that loans yielding less than 6% will be classified as a higher priced mortgage loan.

Also, we have experienced little if any correlation between problem residential loans and escrowing taxes and insurance. Of course proper underwriting and qualifying should occur, but requiring escrow simply will make more work for us with little value added. We willingly escrow for those customers who request it.

Please do not punish those bankers who have used good sense with their loan credit standards and who are not responsible for the current housing financing problems we are presently experiencing.

Thank you for your consideration.

Sincerely,

David Brownback
President & CEO
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