

From: City National Bank, Tony E. Cook  
Subject: Truth in Lending

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Comments:

Date: Nov 20, 2009

Proposal: Regulation Z - Truth in Lending

Document ID: R-1378

Document Version: 1

Release Date: 11/16/2009

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Comments:

To Whom it May Concern: Thank you for the opportunity to comment on the revisions to the Truth in Lending Act. My concern is the statutory amendment requiring that notice be given to consumers when their mortgage loan has been sold or transferred. I work for the City National Bank in Sulphur Springs, Texas. We are a community bank and provide commercial and consumer loans to the residents of our local communities. Our Bank is heavy in mortgage lending. One product that we offer is a fixed rate mortgage loan that is underwritten by FNMA guidelines. Once these loans are funded they are held by the Bank for sale into the secondary market. For every loan that the Bank has sold, it HAS retained all of the servicing rights. Currently, the Bank is servicing approximately \$60 million in sold FNMA loans. I am concerned about the negative impact that will be felt by the Bank if we have to disclose to consumers when the Bank sells a mortgage loan into the FNMA secondary market. Keep in mind that this is a transparent transaction and if the consumer ever has a problem or question concerning the loan, a loan payment, or anything else associated with the loan, they call the Bank. Our selling the loan is a funds management and asset/liability decision. I do not believe that the consumer will understand the notice and will be confused as to why the Bank has sold their loan. Therefore, I am asking that you make an exception for commercial banks like City National Bank and exclude them from this notice requirement when a loan is sold and the servicing rights are retained. Also keep in mind, the Bank makes a disclosure under RESPA (Servicing Disclosure Notice) informing the consumer of the number, expressed as a percentage, of the loans where the servicing rights have been transferred. The City National Bank has never sold any servicing rights. (It should also be noted that the FNMA program has been very successful for the Bank. The Bank has never foreclosed on a fixed rate loan approved by FNMA guidelines.)