



December 21, 2009

Jennifer J. Johnson
Secretary
Board of Governors
Federal Reserve System
20th Street & Constitution Ave. N.W.
Washington, DC 20551

Re: Docket No. R-1367

Dear Ms. Johnson:

MidFirst Bank, a federal savings association, appreciates the opportunity to provide comments in response to the Federal Reserve Board's proposed revisions to Regulation Z, Truth in Lending, 12 CFR 226, as published in the August 26, 2009, *Federal Register*, Volume 74, Number 164, beginning on page 43428. MidFirst supports the Board's efforts to ensure that consumers receive adequate disclosures on which to base borrowing decisions but asks that certain factors be considered in adopting a final rule. Also MidFirst encourages the Federal Reserve and the Department of Housing and Urban Development to coordinate and consolidate any Truth in Lending Act and Real Estate Settlement Procedures Act disclosures and requirements that may be applicable to particular loan types so as to reduce regulatory burden on lenders and to improve the effectiveness of information received by loan applicants.

Given the number of Truth in Lending Act and Real Estate Settlement Procedures Act regulatory changes in the past year and those projected to take effect over the next six months, MidFirst believes an extended implementation period is necessary should this proposal be adopted in final form. A mandatory compliance date of 18 months after adoption of the final rule seems prudent to avoid undue interference with implementation of previously adopted Regulation Z and RESPA changes as well as to allow for a careful development and implementation of procedures, systems, training, and controls relating to this proposal.

MidFirst also asks that the Board outline specific examples and safe harbors of how lenders may address borrower requests for a reinstatement of loan commitment balance subsequent to a suspension or reduction of loan commitment. Suspensions and reductions of committed balance occur when the value of the loan collateral decreases significantly whereby the lender reduces the available loan commitment both to protect the financial institution and to prevent the borrower from facing a potentially adverse

financial situation. MidFirst is concerned that the lack of clarity increases costs and risks while not offering the borrower a commensurate amount of benefit.

The proposed rule would require the lender to review one request for reinstatement from the borrower without imposing fees on the borrower. Yet the proposal does not address if this "one review" requires only one such review over the entire life of the loan or whether such review must be performed, upon borrower request, at some established frequency. If the latter, MidFirst encourages the Board to allow lenders to honor such a no cost reinstatement request any more frequently than once every two years given the slow pace at which collateral values typically increase. MidFirst also seeks clarification as to the underwriting and collateral valuation standards that must be employed in relation to reinstatement analysis and whether the lender is restricted to only consider collateral values in reaching a reinstatement decision.

MidFirst asks the Board to provide clarification as to what situations would require the lender to reinstate to the original committed balance and what options the lender might have to reinstate to a commitment above the suspended balance but less than the original commitment. MidFirst suggests that there will likely be situations in which the collateral value does not return to the level at loan origination and therefore the original committed balance would not be supported. Further, MidFirst requests that guidance be provided to outline fact patterns supporting a denial of a reinstatement request. MidFirst also seeks clarification as to the Board's expectations regarding lender initiated reinstatement reviews or whether such would only be required upon borrower request.

MidFirst appreciates the opportunity to comment on the proposed rule. Should the Board need additional information, please contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles R. Lee". The signature is fluid and cursive, with the first name "Charles" being the most prominent.

Charles R. Lee
Vice President and
Director of Bank Regulatory Affairs