December 18, 2009

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

Re: Proposed rule to Amend Regulation Z R-1367

Dear Sir or Madam:

Principal Bank, a member of the Principal Financial Group®, is an FDIC insured federal savings bank offering customers traditional and innovative banking products and services through the Internet and telephone personal bankers. Principal Bank offers home equity loans and lines of credit.

Principal Bank welcomes the opportunity to comment on the proposed revisions to Regulation Z for the closed end credit. We have reviewed the proposal and believe it contains many valid recommendations for improving consumer awareness however the following sections warrant additional consideration. Our comments follow below.

Disclosures

Proposal

The board is proposing amending current disclosures along with providing new disclosures to assist consumers in basic understanding and the risk associated with a HELOC.

Comment

We believe the new disclosures as proposed are numerous, overbearing and long winded. We feel most consumers will see these disclosures and will not read the documents before, during or after signing the documents. Therefore many will miss the important information. In addition, we believe the bank will incur added expense with vendor assistance in getting the numerous documents implemented as well as the cost of mailing the documents to the consumer. Ultimately these expenses might be passed on to the consumer. We would ask the agency in making the disclosures more streamlined and simplified.

Suspensions and Credit Limit Reductions

Proposal

The board is proposing consumer protections that apply when a consumer's credit line has been suspended or reduced. The proposal requires creditors to provide additional information about the reasons for the action and consumers' right to request reinstatement. The board has added a definition of "significant" for higher loan to value (LTV).

Comment
The definition of "significant" for higher loan to value would cause an increase in risk to our bank with our current loans that are over 90% LTV. In the previous guidelines, a 50% change in equity was used to determine if the line should be suspended or reduced.

By establishing a minimum of 5% decline in value, potential risk can be felt from the bank and a customer stand point. We believe the proposed restriction would allow an LTV in excess of 100%, causing the HELOC to be partially unsecured. This restriction would also trigger the customer to borrower more than what the current property value is worth which can lead to issues if the customer tries to sell or refinance their property.

We ask the agency to carefully evaluate this restriction and/or the percentage allowed.

Overall the proposal is helpful in providing consumers the adequate information needed to make an informed decision and is clearly a value.

We would encourage adequate time be provided to implement any requirements, as programming, training, and communication may be extensive. Thank you again for providing the opportunity for comment.

Please forward any questions to the undersigned at 515-883-9190, or to Jill Lorenz, Compliance Manager at 515-883-9190.

Sincerely,

Janice L. Coney

Janice L. Coney
Manager of Community Development
515-883-9217