



November 23, 2010

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

Re: Interim Final Rule; Request for Public Comment  
Disclosure Requirements for Closed-End Dwelling Secured Loans  
12 CFR Part 226  
Docket No. R-1366

Dear Ms. Johnson:

BOK Financial Corporation (BOKF) appreciates the opportunity to comment on interim final rules to 12 CFR Part 226 - Regulation Z. BOKF is a \$24 billion regional financial services company based in Tulsa, Oklahoma. The company's stock is publicly traded on NASDAQ under the symbol: BOKF. Our assets are centered in seven full-service banks - Bank of Oklahoma, Bank of Texas, Bank of Albuquerque, Bank of Arkansas, Bank of Arizona, Colorado State Bank and Trust and Bank of Kansas City.

BOKF supports disclosure requirements that improve the clarity and accuracy of consumer product(s). Easy-to-read disclosures make for a more informed consumer and all parties are better served.

However, both the content of the information contained in this interim final rule and the format in which it is presented is redundant and will lead to more questions than answers. The short time frame in which financial institutions have been given to implement these changes leaves minimal time to perform quality assurance testing and training necessary to effectively implement the final rule.

Furthermore, BOKF believes that a more coordinated effort among the agencies is needed on mortgage reform. A comprehensive and orderly approach to mortgage reform is the only way to ensure that consumer protection measures, including disclosures, will be meaningful. Given the pending rulemaking of the Bureau of Consumer Financial Protection and others, we believe certain rulemaking efforts of the Board should be delayed or coordinated with those agencies. Without a coordinated approach, we are concerned that piecemeal reform will result in confusion and unintended consequences.

Listed below are concerns we have with the interim final rule.

#### **Redundancy with Existing Regulations and Provisions of the Dodd-Frank Act.**

The Real Estate Settlement Procedures Act (RESPA) rules for completion of the Good Faith Estimate include payment information prescribed in the interim final rule. Presentation of the same information in two separate disclosures is redundant and will lead to confusion with consumers as to why it is presented in two separate formats. The required integration of the GFE and the TILA disclosures under section §1032(f) of the Dodd-Frank Act is a better approach that will serve the purposes of this interim rule, and provide consumers with a SINGLE disclosure describing a mortgage loans costs and payment obligations.

*We request this interim final rule be delayed until §1032(f) of the Dodd-Frank Act is enacted.*

#### **Insufficient Lead Time to Implement the Interim Final Rule**

BOKF and surely other financial institutions will rely on third-party forms vendors to assist us with the required disclosures. Some vendors have stated they *anticipate* completing their programming and testing no sooner than mid-December. Even if we were to receive the updates by mid-December, this leaves little time to test and train our personnel on the new rules. Combined with year-end processing, one and one-half months is not an adequate timeframe to implement the changes.

Changes to the Real Estate Settlement Procedures Act (RESPA) were published in November of 2008, with an effective date of January 1, 2010. As the financial industry and the regulators are aware, these changes were and continue to be a source of confusion for consumers, settlement service providers and financial institutions. The reason for the confusion was a lack of clarity from the regulatory agencies.

*Absent delaying these changes until Dodd-Frank provisions are enacted, we request the mandatory compliance date be delayed a minimum of 180 days.*

#### **Fixed-Rate, Fixed-Payment Loans Should Not be Subject to the Interim Final Rule**

The intent of the interim final rule is to provide the consumer with specific payment information (which is already provided on the GFE and the final TILA disclosure), with emphasis placed on variable rate and/or variable payment loans. The majority of loans however, are fixed-rate, fixed-payment obligations for which interim final rule adds no additional benefit to the consumer. Many creditors use the same disclosure template for both real estate secured and non-real estate secured loans. Distinguishing which loans the interim final rule applies to and which it does not will require additional software revisions, thus adding to the burden of meeting the January 30, 2011 mandatory compliance date.

*We request fixed-rate, fixed-payment dwelling secured loans be excluded from the final rule.*

### **Escrow Payments**

For loans which will not have an escrow account established we request that creditors be permitted to show "NA" or some other similar notation. Including estimated escrow payments several years in the future is not helpful to the consumer. Many consumers will be confused by these dollar amounts and mistakenly believe their taxes and insurance premiums have been determined for the life of the loan. Because it is impossible to know what tax and insurance rates will do in the future, it does not make sense to include these in future year payment calculations. While estimates are just that – estimates, inclusion of this information provides an unlikely scenario of the obligations the consumer "may" face at a later date.

The inclusion of Private Mortgage Insurance (PMI) estimates is even more problematic. At origination, the bank is unable to estimate if PMI coverage will be removed at a later date because of additional principal reductions, collateral appreciation, or will continue due to insufficient payment history.

*We request the Estimated Taxes and Insurance calculations be removed from the disclosure.*

BOKF understands the need to present all facts and figures to a consumer during the application process, at closing and throughout the life of the relationship. As important as the information is, how it is presented determines its effectiveness. The use of tables and boxes detailing particular information is especially useful. The combined GFE and TILA disclosure required by §1032(f) of the Dodd-Frank Act is a more appropriate and useful document for this information.

Again, BOKF appreciates the opportunity to comment on this interim final rule. We welcome the opportunity to work with the Federal Reserve to improve the interim final rule. Should you have any questions regarding our recommendations or need further detail, please contact me at 918-488-7378.

Sincerely,



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Cc:

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