



October 20, 2010

**VIA E-MAIL**

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

Docket No. R-1392

**RE:** FRB Docket No. R-1392—Proposal on Regulation Z Escrow Accounts for Jumbo Higher Priced Mortgage Loans

Dear Ms. Johnson:

The Wisconsin Bankers Association (WBA) is the largest financial trade association in Wisconsin, representing approximately 300 state and nationally chartered banks, savings and loan associations and savings banks located in communities throughout the state. WBA appreciates the opportunity to comment on the Board of Governors of the Federal Reserve System's (FRB) proposed rule to amend Regulation Z in order to implement a provision in the Dodd-Frank Act requiring a separate higher threshold for determining coverage of the escrow requirements to applicable higher priced mortgage loans that exceed the maximum principal balance eligible for sale to Freddie Mac (Jumbo Loans).

FRB specifically requests comment on the appropriate implementation period for a final rule adopting this amendment to Regulation Z. WBA believes that the final rule should provide for a certain degree of flexibility, as some may be able to comply immediately while others may need additional time to make adjustments to systems and procedures. For this reason, WBA believes that the final rule should be effective immediately, but provide for a mandatory compliance date of 12 months following the effective date.

In addition, WBA wishes to take this opportunity, as have certain of its members, to request that FRB address in this rulemaking an unintended consequence created by the current rule. More specifically, we make reference to non-purchase money consumer purpose loans secured by a first lien mortgage. Under the current rule which provides for a 1.5% threshold, some of these loans trip into the category of higher-priced mortgage loans. WBA does not believe FRB intended for these types of loans to be covered by the

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rule. Therefore, WBA respectfully requests FRB create an exception to the 1.5% "first lien" mortgage threshold to accommodate these transactions.

WBA appreciates the time and effort FRB has devoted in this rulemaking, particularly given the short timeframe within which FRB has been required to work, and respectfully requests that FRB carefully consider the recommendations made today.

Once again, WBA appreciates the opportunity to comment on this important matter.

Sincerely,

( Kurt R. Bauer )  
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