



April 18, 2011

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

Re: FRB Docket No. 1406 – Regulation Z – Escrow Accounts

Dear Secretary Johnson:

Johnson Financial Group, Inc. ("JFG") is a \$5.0-billion financial holding company headquartered in Racine, Wisconsin, operating through several affiliated companies primarily in the states of Wisconsin and Arizona. Our product/service lines include banking, trust, and investment services (Johnson Bank), an insurance agency (Johnson Insurance Services, LLC), and branded brokerage and credit card services (with joint marketing partners).

We would like to take this opportunity to request that this rule making also address an unexpected and unintended consequence stemming from the proposal. From time to time applications are made for consumer purpose credit, non-purchase money or refinance thereof, and the loan applicant offers to provide a mortgage for collateral. Loans requests like these are processed in a "retail" loan department rather than a "mortgage" loan department. For whatever reason (probably good financial habits of the homeowner), the property is free and clear and no liens or judgments exist. By "accident" the resulting mortgage taken by the bank is a "first" mortgage on the property, even though the loan request is identical in nature and is priced no differently than a loan where the bank would be taking a "second" mortgage on a property. The unintended consequence is that by the very nature of how "retail" loans are priced, scenarios like this typically trip the 1.5% threshold.

We strongly advocate that an additional exception to the 1.5% "first" mortgage threshold be provided for in the regulation to accommodate scenarios as described above to allow the bank to continue to efficiently fulfill credit requests for this type of credit.

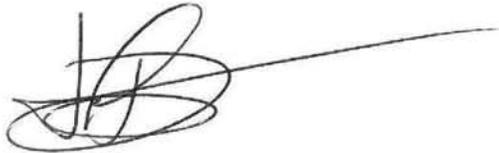
To the extent you believe any exception must be narrower in form, may we suggest a possible additional element – that the loan to value ratio of the equity in the property not

exceed 25% at the time the loan is approved. Therefore, a first mortgage (non-purchase or refinance) loan of \$24,000, based on (a free and clear) property appraised at \$100,000 would not be subject to the escrow rules.

We strongly encourage the Federal Reserve to provide for this exception.

Thank you for the opportunity to comment on this proposal.

Sincerely,

A handwritten signature in black ink, consisting of a stylized 'J' and 'R' followed by a long horizontal line extending to the right.

John R. Topczewski
Senior Vice-President, Chief Compliance Officer

cc: Russell C. Weyers, President and Chief Executive Officer
Rose Oswald Poels, Interim Chief Executive Officer, Wisconsin Bankers Association