From: Brigette D. Jones

Subject: Reg. Z

Comments:

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Proposal: Regulation Z; Truth in Lending
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Comments:
First, regarding the changes in regulation as a whole, it is currently estimated that banks spend as much as $.40 of every dollar just to comply, and the speed with which regulations are changing makes it very cumbersome and costly to the banks and consumers alike. Regarding the proposed changes to Regulation Z and the consumer's ability to repay, these guidelines are already in place on secondary market loans such as FannieMae, FreddieMac, USDA, FHA and VA. If community banks were forced to operate under similar standards, many borrowers who have NEVER had a hard time repaying their loans may be unable to obtain financing, because they fall outside those pre-determined parameters. Further, limiting the total points and fees to 3% of the loan amount is unrealistic, especially for those borrowers who purchase and/or refinance smaller-dollar loans. For instance, on a $75,000 house, 3% is just $2250. Most of the fees, such as for appraisals, title work, etc., are "Fixed" fees and not tied to the loan amount, so the smaller the loan, the harder it would be to adhere to that 3% cap. Therefore, the borrower may have to be forced to pay a higher interest rate in order for the bank to "waive" the fees, or again be unable to obtain the loan at all. It is time for the consumer to be responsible for THEMSELVES in making the decision whether or not they can afford their payments, and we community bankers have already proven that we make very few loans to borrowers unable to do so.