

April 27, 2011

*Via Electronic Submission*

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

RE: **Comments on Truth in Lending; Proposed Rule  
12 C.F.R. Part 226, Regulation Z; Docket No. R-1406  
RIN No. 7100-AD 65**

Dear Ms. Johnson,

The Bank of Southside Virginia is a community bank with its corporate office located at 17208 Halligan Park Road, Carson VA 23830. We appreciate the opportunity to comment on the proposed rule to implement certain amendments to the Truth in Lending Act made by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Regulation Z currently requires creditors to establish escrow accounts for higher-priced mortgage loans secured by a first lien. The proposed rule would implement the expansion of the minimum escrow period for these loans from 1 to 5 years and even longer in certain situations. The proposal would also implement changes in the Act's disclosure requirements regarding escrow accounts.

We ***do not*** support the proposed rule and efforts to expand the minimum escrow period or the requirement to provide additional disclosures. We are concerned over the restrictive nature of the definition as well as the costly impact to banks and their customers. The requirement to disclose escrow information three days prior to the consummation of the loan will add additional delay in loan closing, monitoring, tracking and coordination with the closing agent. We also believe that implementing this new rule would further inhibit the consumer by restricting the option to pay home related cost themselves. We do believe there should be a selection to opt out based on meeting certain loan structure and underwriting criteria.

Fortunately The Bank of Southside Virginia had the infrastructure and the systems in place to expedite the initial regulation requiring escrow accounts for higher priced mortgage loans. Many of our customers found the escrow account to be inconvenient as well as a requirement forced upon them regardless of their individual credit worthiness and financial situation. We feel if these amendments are implemented, it will further reduce the consumer's options.

It is our recommendation to implement other factors, such as the loan-to-value ratio, credit scores, and debt service ratio to determine the requirement of an escrow account. Not simply basing it on the definition of a "Higher Priced Mortgage Loan", which is pricing specific.

**Conclusion**

As a community bank we recognize the importance of providing consumers with information explaining and disclosing home related cost, which is already required under the existing regulation. We also understand the importance of informing consumers of the potential consequences of failing to pay home related costs such as taxes and insurance in the absence of an escrow account. We do not view the existing and proposed regulation as being beneficial to the consumer.

Should you have questions or wish to discuss any aspect of these comments further, please contact Tammy Hamilton, Vice President at (804) 520-0299 or [tammy.hamilton@bsvnet.com](mailto:tammy.hamilton@bsvnet.com).

Sincerely,

Tammy R. Hamilton  
Vice President  
BSV Mortgage Company