

From: Fairfield Mortgage, James A. Williamson  
Proposal: 1417 (RIN 7100-AD75) Reg Z - Mortgage Repayment Standards  
Subject: Reg. Z

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Comments:

Docket No. R-1417 and RIN No. 7100-AD75

Dear Federal Reserve,

I have originated loans for 20 years. This is all I have ever done since graduating from the University of Georgia. I know this industry inside and out. I know what the mortgage business and mortgage guidelines were like in the 1990's. My opinion is that the mortgage system that the US Govt created centered around Fannie Mae and Freddie Mac is the finest such system ever created. The model in and of itself was not broken. It was just mismanaged by people who made poor decisions and took unwise risks. My opinion is that the system does not have to be thrown out with a completely new start as much as it just needs to be restored. It worked fine for many years. Why just seek to start over? Likewise, prudent and balanced mortgage guidelines worked extremely well for many years, too. Over the last four years, these guidelines have already been restored to pre-crisis levels and are very similar to where they were in the 1990's. In fact, they are actually already at an even stricter level than they were in 1990's right now. It is so important that you understand that a correction with mortgage guidelines has already occurred.

The new loans originated in the last two years are of the highest quality and will perform well, especially as the economy and jobs rebound. **MORTGAGE GUIDELINES DO NOT NEED TO BE TIGHTENED ANY FURTHER.** Doing so will only hurt our economy further and box out many who are deserving of obtaining mortgages.

Specifically, the changes that you are considering will surely box out borrowers seeking loans under \$75,000 and greatly impact minorities. A higher threshold loan amount of \$150k would serve consumers MUCH better. In addition, the proposed limit on points and fees needs be revised to exclude employee compensation to avoid such compensation being counted twice. Also, without question, please understand that the proposed rule will lead to fewer safe and sound mortgage options for consumers. Surely, this is not your intent but is exactly what will happen if this rule is passed. For example, the way that PMI premiums are handled will increase the dominance of govt loans. Why would we take unnecessary measures at this critical juncture of our economy that would limit loans to deserving people, especially minorities and blue-collar workers?

I don't work for one of the Big 4 Banks. I am very worried that the proposed rules will negatively impact the smaller players in the industry, like the smaller bank that I work for. Boy, this would only contribute to taking the economy the wrong way! We need changes that will enhance both the quality and quantity of loans that are originated in the US. Again, I argue that most of the necessary changes have already been made over the last four years.

In closing, I ask you to consider two final points. First of all, please adopt a safe harbor where the ability to repay standard has been met. It is critical that the safe harbor must set forth clear and concise standards with a bright line test so that lenders can readily determine and prove their compliance with the standards.. Secondly, please adopt a definition of a "qualified mortgage" which can serve as the "qualified residential mortgage" definition under the

risk retention rule.

Thanks for hearing me out and your consideration of creating another proposed rule before final adoption and implementation.

James A. Williamson  
Fairfield Mortgage