From: First Reliance Bank, Trasi G. King

Proposal: 1417 (RIN 7100-AD75) Reg Z - Mortgage Repayment Standards

Subject: Reg. Z

Comments:

Dear Federal Reserve Regulators:

I am taking a moment to send my comments and concerns on the proposed "ability to repay" and "qualified mortgage" rule under Dodd-Frank. I feel Hank Cunningham of Cunningham and Co. did an excellent job representing the MBA's position on the proposal as it currently stands. His voiced comments and concerns are more than valid and the proposal as it stands threatens to hurt consumers' ability to be homeowners and defeating its intended purpose.

Please adopt a "safe harbor" that the ability to repay standard has been met which has clear and concise standards with a bright line test so lenders can easily and quickly determine and prove their compliance to the standard.

A revision is needed on the limit of points and fees to exclude employee compensation to avoid compensation being counted twice.

The points and fees limit will also have a negative if not terminal effect on low-to-moderate homebuyers who are purchasing homes where the loan amount will be $75K or less. We need a higher loan threshold for our borrowers. A more acceptable loan amount would be $150K.

With all of the constriction in the mortgage industry since 2007 this proposed rule will even further impact the product offerings available to the very consumers the rule is supposed to protect due to the treatment of private mortgage insurance premiums. This will likely increase the use of government loans in certain markets. HUD is already stretched and trying to compensate for the previous required over-use of FHA loans in the last few years. This could result in even higher upfront premiums and unreasonably high monthly mortgage insurance premiums making monthly payments for most borrowers too costly.

Smaller lenders (this is pretty much most lenders except for mega-banks supported by the government) are being stressed by the vast quantity of new regulations making it difficult to serve their consumers. This is causing them to exit the market having an adverse impact on consumers by restricting access to credit and making loans more expensive for those who can obtain them. This also creates and almost "Ma Bell"-like scenario with the "mega-bank". Lack of competition from smaller lenders allows the big lender to increase their costs to borrow due to a monopoly-like situation.

Please issue another proposed rule before this rule is final in adoption and implementation. Our industry can not suffer another major blow. Housing/Lending has always been a major factor in our country's economic health. Let's not give it a cancerous, terminal diagnosis!!!

Thank you for your time and consideration.

Trasi King
First Reliance Bank