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April 28, 2011

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

Re: Docket No. R- 1406 and RIN No. 7100 – AD65

Dear Ms. Johnson and Governors of the Federal Reserve Board:

I am writing on behalf of the Board of Directors and management team of Visions Federal Credit Union which is headquartered in Endicott, New York and serves over 126,000 members in Upstate New York and northern Pennsylvania.

We would like to comment on several of the proposed revisions to the rules concerning escrow accounts that the Board of Governors has suggested in order to comply under the Dodd-Frank Consumer Protection and Wall Street Reform Act. Although it is perhaps too late to roll back the already enacted provisions that force financial institutions like our own to establish escrow accounts on non-purchase money Home Equity Loans where the first mortgage was already paid off and the interest rates hit the new thresholds, we must object to this provision. It is our belief that a small number of financial institutions created a problem; the majority did not and should not be subject to more costly regulation. We believe the regulation hurts the consumer. Forced escrows on Home Equity Loans are not going to prevent another financial crisis, and may be preventing many smaller lenders from lending in today's regulatory environment.

We have reviewed the proposed rule and have commented by section below:

Section 22.19(f)(2)(i) – Establishment of Escrow Account

Although 45 days is an achievable period to establish an escrow account, we believe the definition should be changed to allow up to two month's payments to be paid first, thus 75 days would be more reasonable.

Section 22.19(f)(2)(i)(C) – Risk of Not Having an Escrow Account

We do not believe this statement is necessary and is regulatory overkill especially in lieu of some of the rules that will control non-establishment of an escrow account.

Section 22.19(f)(2)(ii) – Non-Establishment of Escrow Account

This section could be reduced to one simple sentence, even if it had to be written in bold type: **The borrower understands that no escrow account has been established by the Lender for**



(enter taxes, insurance, etc.) and the borrower is responsible under the terms of the mortgage for paying these obligations or may risk being in default on the loan which could cause a foreclosure action against the borrower. This is all that is needed. No option to establish an escrow later is necessary and will simply add to the borrower's costs by requiring unnecessary programs that will rarely be used.

Section 226.19(f)(4) – Waiting Period for Disclosures

We cannot see the purpose in providing the disclosures three days before closing if the borrower is represented by an attorney. This should be optional in such cases.

Section 226.45(b)(2) – Exemptions

We agree that loans secured by shares in a cooperative such as a credit union should be exempt from the escrow requirements and that insurance on condos and PUDs should also be exempt if covered under a master policy.

We believe the definitions for rural and underserved areas are very narrow and may effectively eliminate small lenders who the exemptions are designed to protect from doing mortgage loans requiring escrows. Very few areas will have only two lenders that do less than five first lien mortgage loans based on the definition and the overlap with Metropolitan areas. Lenders are exempt from this requirement if they do not have escrow accounts except to facilitate the sale to the secondary market, but this again seems to be an unlikely scenario since lenders are required to have escrow accounts for "high priced" mortgages, even those Home Equity Loans we previously mentioned where the lender is in first lien position.

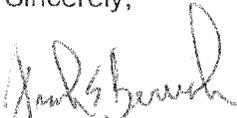
We would propose instead that the definition of "rural" areas include all "noncore" counties as defined by the Economic Research Institute, and that underserved areas meet the definitions used for other programs to determine underserved banking areas such as that credit unions and other groups use for government programs.

Conclusion

We understand the mandates that require the Board of Governors to promulgate these new rules, however, as proposed will add to the ever increasing cost of a mortgage and increasing confusion by the consumer.

Thank you for the opportunity to comment on the proposed regulations.

Sincerely,



Frank E. Berrish
President

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Cc: Mr. Fred Becker, President – NAFCU

Mr. Bill Cheney, President – CUNA