

From: Mascoma Savings Bank, Kenneth Wells
Subject: Reg. Z

Comments:

Date: May 24, 2011

Proposal: Regulation Z; Truth in Lending
Document ID: R-1417
Document Version: 1
Release Date: 04/19/2011
Name: Kenneth Wells
Affiliation: Mascoma Savings Bank
Category of Affiliation:
Address:
City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

The General Ability-to-Repay Standard is mostly reasonable and attainable for the overwhelming majority of loans we make, with the exception of underwriting all adjustable-rate mortgages to their fully-indexed rate. I urge the Board to consider amending that to apply only on those ARM's fixed for less than five years. A fixed rate for five years provides ample protection from rising rates and opportunities for consumers to increase household income. PMI providers generally consider loans fixed for the first five years to be fixed rate loans, so consistency here will be helpful. Reasonable people can disagree about the initial discount period, but underwriting ALL hybrid ARM's to their fully-indexed rate is excessively conservative. Also, I urge the Board to continue refraining from prescribing specific underwriting thresholds such as maximum debt-to-income levels. Last, I must express my continuing disappointment with the Board's inability to communicate more concisely. At 400+ pages, it's simply unreasonable to expect good public input, especially from community banks. This seems to fly in the face of Chairman Bernanke's public comments about limiting regulatory burden on community banks. The size of regulations is part of the burden. Thank you.