**FirstBank Holding Company**

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October 29, 2013

Mr. Robert deV. Frierson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Dear Mr. Frierson:

This letter is written in response to the request for comment on the proposed Credit Risk Retention rule (Docket No. R-1141), which implements section 15G of the Securities Exchange Act of 1934, as amended by section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, requiring a securitizer of asset-backed securities to retain not less than five percent of the credit risk of the assets collateralizing the asset-backed securities.

Our comments will focus solely on the section of the proposed rule related to the Qualified Residential Mortgage (QRM). We are supportive of the manner in which this new proposal defines QRM. Aligning the QRM definition with the definition of Qualified Mortgage (QM) contained in the CFPB's Ability to Repay rule is appropriate and will lessen the impact that a more stringent rule could have on the availability and cost of credit, especially to low and moderate income borrowers. We encourage the agencies to adopt the rule as proposed.

We do not support the alternate approach, referred to as "QM-plus" in the revised proposal. Many of our concerns with the more restrictive approach relate to the loan to value ratio and are explained in our comment letter dated June 3, 2011 that was submitted for the prior proposed rule. Since that time, the CFPB has issued its final QM definition and incorporated a specific debt-to-income ratio as well as documentation standards. What was originally slated to be a "safe" mortgage loan by Congress became an "ultra-safe" mortgage loan under the QM rules issued by the Director of the CFPB. These ultra-safe QM loans have a much lower risk of default, because they are underwritten to conservative standards, with documented and verified information. There is no need to layer on additional restrictions, as to do so would only raise the cost and lessen the availability of credit over time, which would likely have a disproportionate negative impact on low and moderate income borrowers.

While we believe that requiring the proposed 30% equity position is unduly restrictive and would disadvantage lower income borrowers, we do believe that all borrowers should have some financial investment in the property in the form of down payment or tangible equity and that the amount should be based on the lesser of purchase price or appraised value. If the agencies determine that some restriction on loan to value (LTV) must be included under the exemption in the final rule, then we would encourage the agencies to allow for credit enhancements to be considered when determining the LTV.

Private mortgage insurance is an appropriate credit enhancement tool that allows consumers to obtain financing with lower down payments or equity investment and effectively lowers the credit risk associated with the loan. The borrowers must still meet the QM underwriting standards, including the ability to pay the mortgage insurance payment, and the QM loan standards do not allow for higher-risk payment structures. If a borrower meets these prudent underwriting standards, he or she should not be potentially penalized in the form of higher rates or lesser credit options merely because they don't have a minimum 30% down payment or equity position in their home.

We are very concerned that including a LTV standard, without the allowance for mortgage insurance or other form of credit enhancement, will reduce the availability of credit disproportionately for low and moderate income borrowers. These borrowers often have sufficient income to qualify for a mortgage based on repayment ability, but they will lack sufficient funds to qualify for a mortgage by requiring such a high down payment. Product options will be limited at best, and the available programs will likely carry liquidity and credit risk premiums to account for the risk retention requirement and perceived risk associated with the loans. We strongly encourage the agencies not to adopt a specific LTV ratio. If a specific LTV ratio must be adopted, the agencies should allow for a minimum down payment of three percent of the lower of appraised value or purchase price, provided an appropriate credit enhancement is in place and the loan otherwise meets the QM standards.

The rule should also not restrict the ability of a borrower to obtain junior lien financing as part of a purchase transaction. Junior lien financing, especially through down payment assistance programs, often provides qualified lower income borrowers with the ability to purchase a home that they would not be able to do otherwise. In order to meet the QM standards, the borrower's debt to income ratio must still be calculated to include any concurrent junior lien financing. If the borrower meets these prudent underwriting requirements, then the first mortgage should be allowed to qualify for QRM status. Disqualifying the first mortgage loan from QRM eligibility will only increase the costs associated with such financing and disproportionately impact lower income borrowers.

As mentioned above, we believe that the proposal to align QRM with QM is the correct approach and are supportive of that direction. It strikes the correct balance and would have a lesser negative impact on lower income borrowers compared to the "QM-plus" approach.

Thank you for taking our comments into consideration. If you have any questions or would like clarification on anything contained in this letter, please contact met at (303)235-1321.

Sincerely,

David Kelly

David A. Kelly
Chief Risk Officer