Proposal: 1813 (AG64) Reg H, Q, LL & YY-Regulatory Capital Rule: Amendments to LBOs and Banking Organizations

Description:

Comment ID: 157196

From: Virgie Ammerman

Proposal: 1813 (AG64) Reg H, Q, LL & YY-Regulatory Capital Rule: Amendments to LBOs and Banking Organizations

Subject: R-1813 Regulatory Capital Rule: Amendments Applicable to Large Banking Organizations and to Banking

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Comments:

Attention: Federal Reserve Board

Having spent the last decade working with non-profit organizations and government agencies to pursue housing and community development initiatives, I am deeply concerned about the proposal to increase capital requirements on banks. If implemented, this measure could limit the availability of funds for essential projects and push homeownership out of reach for many Americans.

Increased capital requirements on banks could negatively impact housing affordability in various ways. Firstly, higher upfront costs may be imposed on homebuyers, including larger down payments and increased fees associated with obtaining a mortgage. Secondly, banks may respond to these requirements by raising interest rates on loans, leading to higher monthly mortgage payments for buyers. Additionally, there's a likelihood of stricter lending standards as banks aim to mitigate risks, potentially excluding some potential homebuyers who don't meet these more stringent criteria. Lastly, the reduction in access to specialized mortgage products tailored for specific demographics, such as low-income or first-time homebuyers, can limit the options available to those with unique financial circumstances. Collectively, these factors contribute to a less affordable housing market, affecting the ability of individuals, particularly those with limited financial resources, to enter or move within the housing market.

These elevated capital requirements are also anticipated to have cascading effects on communities. States and local governments that rely on municipal securities for funding public projects are expected to face higher costs, which they will likely pass on to taxpayers. Furthermore, changes in capital utilization by banks may hinder investments in beneficial community initiatives. As banks play a crucial role in supporting community development by financing small businesses, affordable housing, and essential facilities, the proposed regulations could limit the availability of funds.

In light of these potential repercussions, I urge the Board to carefully reconsider and ultimately reject the proposal to increase capital requirements on banks. The effects on housing affordability, mortgage accessibility, and community investments are significant and could undermine the strides we've taken toward creating sustainable and inclusive communities. As the nation tries to recover from the economic hardships of the past few years, it is more essential than ever to safeguard the vital role that banks play in fostering economic mobility and overall community well-being.

Prayfully and respectfully submitted,

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