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April 15, 2004

Public Information Room
Attn: Docket No. 04-05
Fax: 202-874-4448

Ms. Jennifer Johnson
Attn: Docket No. R-1180
Fax: 202-452-3819

Robert E. Feldman
Attn: EGRPRA Burden Reduction Comments
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Regulation Comments
Attn: No. 2003-67
Fax: 202-906-6518

RE: EGRPRA Review of Consumer Protection Lending Related Rules

Dear Sir or Madam:

I don't have much I can suggest, as I realize that you guys only promulgate regulations and Congress passes the laws that cause them. However, there are a few changes you could make that would improve matters somewhat, in the absence of a Congressional body that is able to operate effectively.

1. Quit monkeying with the regs once they are in place. We waste more time trying to modify our practices and procedures to comply with some penny ante change in the regs than we spend complying with the original. For example, the recent HMDA changes: Previously you had a regulation that produced a whole lot of data that was absolutely useless, but mandated by law. Now, due to the new HMDA changes, we spent a couple of hundred hours training, modifying our procedures, and reading regs in order to produce even more absolutely useless data.

At least under the old reg, we could figure out what loan was reportable. At that time, it was based on purpose (with a 50% majority determining) and we always know the purpose of the loan (or at least the purpose the customer tells us). Now, it is based on

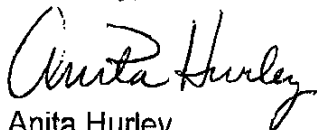
collateral, so we are reporting refinanced business purpose loans as if they have something to do with homeownership, just because we took the borrower's house as collateral. Yes, it is secured by a 1-4 family residence, and apparently reportable under HMDA because of that, but it's just more useless data that costs us time and our customers money.

2. Consolidate. HUD should have ZERO regulations. Reg Z should encompass all of RESPA and TIL, as they are similar enough to bring together. As much as possible, consolidate the other rules into few regulations and disclosures. It will improve compliance and the odds that a consumer will actually read some of it.
3. Give accurate estimates of the time burden. It is not possible to express in this letter how low my opinion of our Congress is, but I still hold out some hope that there are enough reasonable people there to reconsider some of these laws if they had any idea how much money they cost American consumers. My example is not in the lending compliance area, but it is so obvious and vivid I will use it anyway. The Customer Identification Program as part of the Bank Secrecy Act, implementing the PATRIOT Act took a grand total of 11 hours per year according to your estimate. Our real life experience (our bank is about \$120 million) has been well over 400 hours so far (and this is only six months into the first year). At our last exam, the EIC told me that the bank really needed at least one person who could devote at least 25 hours per week just to compliance with BSA.

I actually don't believe that you even made an effort to make an accurate estimate, due to the requirements of the Paperwork Reduction Act. You just shot out a number that would fit under the bar. If we exempted ourselves from a law that applied to banks, under a clear falsification of the facts, just so we wouldn't have to jump through a bunch of compliance hoops, I believe you would get a little excited. It is disturbing that you don't have a problem doing it as government agencies.

In summary, the regulatory burden is crushing and accomplishes very little for average customers, even though they are paying the costs. Banks are charging ever higher fees, and eliminating small accounts and account services, due to their unprofitability. These days, banks won't make small loans because our costs of production are just too high, and unfortunately, those borrowers are forced to pay day lenders and check cashers. They are the customers who can least afford the loss of reasonably priced financial services.

Sincerely,



Anita Hurley
Compliance Officer