From:	Read Dunn
To:	_Regulatory Comments
Cc:	Al Strawn; Chad Bostick; Steve Brown
Subject:	comments on Appraisal for High Risk Mortgage loan proposed reg
Date:	Thursday, August 16, 2012 1:01:15 PM

I manage the lending activities for a $350 million credit union in Alaska. I commend the effort to instill more discipline in the high risk mortgage business. We make portfolio residential mortgages and also sell some residential mortgages to FNMA and Freddie. However some of the definitions in the proposed regulation are a very poor fit in Alaska and I suspect other sparsely populated States.

We do have an active residential mortgage portfolio loan program with extremely low delinquency and virtually no losses. Many of the residential properties in Alaska can not qualify for agency mortgages. The greatest problem is that low population density does not provide a sufficient number of sales within the prescribed geographic and time limits to permit an appraisal which the agencies will accept. There are also issues with properties with acreage above the agency limits, mixed use properties and multiple houses on one parcel. These are NOT high risk loans they are simply houses which do not fit the agency parameters. We do make loans to qualified applicants on these properties but at higher interest rates than the agency rates, which would trigger the high risk definition. Given the difficulty in this low rate environrnent to find any loans with sufficient yield to cover our operating costs this has been an important loan source.

I would suggest that the definition of “high risk” be based on the debt/ income ratio and not the comparison to agency rates. I do not recommend credit score because many individuals who use very little credit have low scores although they are very strong borrowers.

Thank you for your consideration.