



GULF COAST BANK
& Trust Company

March 5, 2007

Federal Reserve
Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Robert E. Feldman, Executive Secretary
Attention: Comments
FDIC
550 17th Street, NW
Washington, DC 20429

**RE: Statement on Subprime Mortgage Lending
DOCKET NO. XXXXX**

I would like to comment on collateral dependant loans with little or no income verification. Clearly none of us wish to see lenders making loans for the purpose of foreclosure however, some of us lend to borrowers who can not document their income. In our community many of the fishermen have little declared income but excellent pay histories.

I would suggest that if an institution engages in this type of lending but simultaneously has average or lower foreclosure rates then an exception be created, particularly if the loans are held in portfolio.

I would also like to comment on pre-payment penalties. For primary residence loans pre-payment penalties should be prohibited. This would discourage lenders from overpricing loans since as soon as the borrower found that they were paying too much they could refinance. This one reform would go a long way toward eliminating many of the predatory practices since overpriced loans could not then be sold at a premium and securitized.

Sincerely,

Guy T. Williams
President