March 23, 2007

Federal Reserve
Jenifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 50221

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

RE: COMMENT ON SUBPRIME MORTGAGE LENDING
DOCKET NO. XXXXX

Thank you for giving us an opportunity to comment on sub-prime lending. My first thought is that you should be judicious and measured in your response. It seems that the market is very effectively clearing out the bad actors and that those bad actors have been overwhelmingly non-depositories. Let’s not repeat the all too common response of punishing the innocent for the sins of the guilty.

One recurring comment that concerns us is “loans should not be made to people that cannot afford to repay them” This is certainly good banking practice and seems simple. As usual the devil is in the details.

Our bank is a community bank with offices in South Louisiana. We have a popular mortgage product called an in house non-conforming mortgage. These are loans that do not meet secondary market guidelines, primarily because of no ability to document income. Examples of typical Louisiana residents that cannot demonstrate income are: tip dependent service workers, musicians, fishermen, and immigrants.

Despite the inability to demonstrate income these people pay well and we have very low delinquency and almost no foreclosures for this type of loan. In fact at this time despite the devastation of hurricane Katrina, we have no Louisiana residential properties in other real estate.

It seems that an exception to income verification could be made for portfolio loans particularly if the bank has historically had good experience with this type of loan. We will of course follow whatever rules you set up but we would hate to close off homeownership to a large number of people because of bad experience in other markets.

Sincerely,

Guy T. Williams
President