



July 13, 2011

Robert Feldman  
Executive Secretary  
Attention: Comments  
Federal Deposit Insurance Corp  
550 17<sup>th</sup> St NW  
Washington, DC 20429

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OFFICE OF  
THE EXECUTIVE SECRETARY

Dear Mr. Feldman,

I am strongly opposed to any new requirement to mandate a 20% down payment for homebuyers. The discussion of new regulation is overreaching and will potentially close the fragile home buying sector of our economy at a time when it is most greatly needed.

This requirement will undoubtedly move home buyers away from Conventional mortgages and push them toward FHA financing at a time when FHA is overburdened and lacks the capacity to absorb the additional business.

There are three main points that should be considered in the conversations:

1. Private Mortgage Insurance. PMI offers a safeguard that will protect lenders and taxpayers from a similar debacle.
2. Down payments are only one part of the consideration for making a home loan. The credit, condition of the home and its value, assets and employment/education of the home buyer are equally important considerations. Calling the required down payment the solution to the lending crisis misses most of the underwriting criteria and will not in itself make the loan safer.
3. As much as loosening led to the problem, tightening will have similar negative effect. When only the very wealthy and the low-to-moderate income earners become eligible buyers, the economy will miss out on a majority of highly qualified home buyers.

Mortgage lending guidelines have become much more restrictive over the past 24 months and there is no loosening in sight. After losing billions of dollars, lenders have abandoned practices that led to the problems now being dealt with.

The loans made today bear a close resemblance to those same good loans that we made prior to 2005 and burdensome regulation will not benefit anyone.



Uncertainty caused by government activism, in the opinion of many experts, is one of the main contributors to the lack of economic recovery we are experiencing.

We need not fuel the fire of uncertainty with this proposed regulatory change. Please allow the home mortgage industry to recover along with the rest of the economy.

Sincerely,

A handwritten signature in blue ink that reads "Howard R. Hamilton". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Howard R. Hamilton  
President  
Liberty Bank of Arkansas