

July 12, 2011

Mr. Ben Bernanke, Chairman
Board of Governors of the Federal Reserve System
20th St. Constitution Ave., NW
Washington, D.C. 20551

Dear Chairman Bernanke:

With the passage of the Dodd-Frank Act regulators are now in the process of establishing rules for down payments on mortgages. The proposed rule out for comment until August 1, 2011, will require a borrower to have a twenty (20%) percent down payment in order to qualify for a conventional mortgage, which about half of all borrowers in the country use for home loans.

On the surface the rule seems understandable, but in reality it is a disaster. First of all, the required twenty (20%) percent down payment will harm the housing market. If the twenty (20%) percent down payment rule is adopted given the median home price in the country of \$173,000, the average middle income creditworthy borrower will be prohibited from making the down payment. Forcing borrowers to save for months and years for a high down payment in order to qualify for a new loan or for existing homeowners to upgrade to a better home will grind the housing market to a stop. Given the fragile state of the economy and the housing market this rule would assure another collapse.

Secondly, the financial crisis was caused by "Wall Street" financial firms, not community banks. For over a century this bank, as well as thousands across the country, has followed traditional underwriting standards by verifying a borrower's income and debt, assessing risk, and checking a borrower's employment and credit history. Setting the bar high for down payments increases the cost of getting home loans for millions of creditworthy borrowers. If proper underwriting procedures are performed by the originating lending institution the risk of default has been significantly reduced.

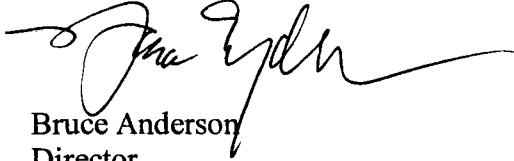
Thirdly, community bankers, bankers associations across the county, the Center for Responsible Lending, the National Association of Realtors, 293 members of the House of Representatives, and fifty-three (53) U.S. Senators oppose adopting this rule.

**Warren Bank
& Trust Company**

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I urge you and your colleagues not to force banks to require high percentage down payments for creditworthy borrowers. It will damage the U.S. housing market, overall economy, and further restrict community banks in their ability to make a difference in their communities and remain viable and profitable.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce Anderson", written over a horizontal line.

Bruce Anderson
Director

Cc: Mr. Robert Feldman
Executive Secretary
Attn: Comments
Federal Deposit Insurance Corp.
550 17th St. NW
Washington, D.C. 20429

Cc: Mr. Ken Hammonds, CEO
Arkansas Bankers Association
1220 W. Third St.
Little Rock, AR 72201

Cc: Ms. Candace A. Franks, Commissioner
Arkansas State Bank Department
400 Hardin Rd., Suite 100
Little Rock, AR 72211-3502