AMERICAN BANKERS ASSOCIATION®

1120 Connecticut Avenue, NW
Washington, DC 20036

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Wayne A. Abernathy
Executive Vice President
Financial Institutions
Policy and Regulatory Affairs
Phone: 202-663-5222
Fax: 202-828-6076
wabernat@aba.com

July 13, 2009

Ms. Margot Schwadron
Senior Risk Expert
Capital Policy Division
Office of the Comptroller of the Currency
250 E Street, SW
Washington, DC 20219

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

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Ms. Teresa A. Scott
Senior Policy Analyst
Legislation and Regulation Division
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

Re: Risk-Based Capital Guidelines; Capital – Residential Mortgage Loans Modified Pursuant to the Making Home Affordable Program

Ladies and Gentlemen:

The American Bankers Association (ABA)[1] appreciates the opportunity to comment on the Interim Final Rule[2] published by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision (the Agencies) that provides that mortgage loans modified under the Making Home Affordable Program (Program) will retain the risk weight assigned to the loan prior to the modification, so long as the loan continues to meet other applicable prudential criteria. We support the Agencies' adoption of the rule.

Under the Program, Treasury partners with lenders and loan servicers to offer at-risk homeowners loan modifications under which the homeowner may obtain more affordable monthly mortgage payments. The Program is intended to advance the

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[1] The ABA brings together banks of all sizes and charters into one association. The ABA works to enhance the competitiveness of the nation's banking industry and strengthen America's economy and communities. Its members – the majority of which are banks with less than $125 million in assets – represent over 95 percent of the industry's $14 trillion in assets and employ more than two million men and women.

[2] 74 *Fed. Reg.* 31165 (June 30, 2009).

public policy objectives of helping responsible homeowners avoid foreclosure and helping to prevent the adverse impacts on communities and local economies of high rates of foreclosure.

The Agencies' rule is consistent with the important policy objectives of the Program without compromising a banking organization's safety and soundness. The prudential criteria established by the rule require a 100 percent risk weighting for any modified loan that becomes 90 days or more past due or carried in non-accrual status or otherwise restructured after being modified under the Program. Only after a sustained period of repayment performance could such a loan be eligible for a lower risk weight.

We appreciate the opportunity to comment on this rule. Questions regarding this letter may be directed to Mary Frances Monroe, Vice President, Office of Regulatory Policy, 202-663-5324.

Sincerely,

Wayne A. Abernathy
Executive Vice President
Financial Institutions Policy
and Regulatory Affairs

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