



A department of Bank of Oklahoma, N.A.

7060 S. YALE AVE  
TULSA, OK 74136-5716

July 20, 2011

Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551

Re: Ability to Repay – Public Comments  
Regulation Z; Docket No. R-1417

Dear Sir or Madam,

Thank you for the opportunity to comment on the proposed rule changes to the Truth in Lending Act to implement the ability to repay requirements of sections 1411, 1412, and portions of 1414 of the Dodd-Frank Wall Street Reform and Consumer Financial Protection Act of 2010 (Dodd-Frank).

BOK Financial Corporation (BOKF) is a \$24 billion regional financial services company based in Tulsa, Oklahoma. Through our bank, BOKF NA, our assets are centered in Oklahoma, Texas, New Mexico, Arkansas, Arizona, Colorado, Kansas and Missouri. In 2010 our Mortgage group originated over \$2.8 billion in mortgage loans. We also operate a mortgage servicing portfolio of \$12.8 billion.

**The final rule should reduce or eliminate the impact of the points and fees test for the ability to repay.**

The proposed rule includes alternatives to meet the standard of demonstrating a borrower's ability to repay, including two options for originating a "Qualified Mortgage." The Board requested comment on these Qualified Mortgage alternatives.

Our remarks concern one significant factor in the definition of Qualified Mortgage; the points and fees test. Dodd-Frank states the points and fees amount for a Qualified Mortgage should not exceed 3% of the total loan amount. We understand the Board proposed a tiered approach to the points and fees test which would provide a higher percentage threshold for lower loan amounts, such as 3.5% for loan amounts between \$60,000 and \$75,000, 4.0% for loan amounts between \$40,000 and less than \$60,000, and so on. If the points and fees test is retained in the final rule, we agree that a tiered format is preferred.

We also note that even with threshold tiers there is still a cut-off point for each level. Depending on where the loan amount lands related to a threshold, a lender may not be able to approve the loan as a Qualified Mortgage. This is a negative impact to borrowers with low loan amounts which often includes low-to-moderate income borrowers.

However, our primary concern is with the more fundamental question of the relevance of total points and fees and the ability to repay. We do not agree there is a clear connection between the upfront closing costs and the borrower's ability to make payments over the life of the loan.

Closing and settlement fees are based on fixed cost amounts. Borrowers pay these costs from a variety of sources, including personal savings, gifted funds, special assistance programs, etc. Our current underwriting procedures always include verification of adequate funds to close the loan. This is a separate underwriting function from calculating the borrower's income, cash flow, liabilities and other critical factors in their ability to make payments for the loan term.

We agree that standard underwriting procedures should include verification of the borrower's ability to repay but we believe this standard should not include a points and fees test.

We appreciate the opportunity to comment on this proposed rule. Please contact me at 918-488-7013 should you have any questions regarding our comments or need further detail. Thank you.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Ben Cowen", with a stylized flourish at the end.

Ben Cowen, President  
BOKF Mortgage