

From: "Kent Franzen" <kfranzen@sbtrenton.com> on 02/25/2004 05:00:47 PM
Subject: Economic Growth and Regulatory Paperwork Reduction Act of 1996 Review

May 1, 2002

Dear Sirs,

In regards to FL-10-2004 request for ideas on regulatory relief in I have the following suggestions.

Reg B, Collection of race/sex data on residential loans. To have a rule where it is a violation **not** to collect the data and a violation **to** collect the data is a witches brew that only breeds contempt for the law in general and is guaranteed to leave an open festering sore on the skin of the relationship between regulator and regulated. Please either ask us to collect this data all the time or forget collecting it at all. The CRA exam and follow up on complaints are much more effective in preventing discrimination than this insane arrangement. Why don't you put us in a round room and tell us to sit in the corner instead?

The whole residential real estate documentation process needs to be examined and streamlined from the borrowers point of view. We are currently completing up to 19 documents for residential real estate loans and several of these are multiple pages in length. This is overwhelming to most of our borrowers, and does not serve the intended purpose of an informed consumer. The majority of residential borrowers look at me like a deer in the headlights of an oncoming truck and ask what the paper in front of them is, I tell them in a concise way and they sign and go on to the next one. I propose to go to a one page disclosure incorporating the Good Faith Estimate, TIL early and the HUD 1 or 1A forms with simple statements such as:

Is the property you want to purchase in a flood plain? YES or NO if NO go to next question if YES see below. The estimate given by a local agent for flood insurance coverage on the property is \$_____ per year. You are required to provide proof of flood insurance coverage through an agent of your choosing by loan closing. If you want to know the identity of the agent that gave this estimate, please ask your lender.

Property insurance coverage for the property you want to purchase is estimated at \$ _____ per year. You must have coverage from an agent of your choosing before closing. The coverage must be for the purchase price or more. If you want to know the identity of the agent that gave this estimate ask your lender.

I would continue this type of listing for the servicing disclosure, escrows, appraisals etc. The costs for the loan closing expenses should be listed in the same manner. In this way the borrowers are free to make the arrangements without steering by the lender if they would like. If this was done properly one page would supply all of the early disclosures the consumer needs and it would be done in a way that the borrowers can control as many of the arrangements as they care to.

As a related point I believe the regulation puts the responsibility for filling out the HUD 1 and 1A on the "settlement agent". As our bank avoids being the settlement agent at all costs why don't you go after them, in our area it is the realtors, or have the state agencies responsible for the real estate agents go after them to get this done?

HUD regulations require that we supply this phone number (800-569-4287) for counseling of past due home borrowers **does not work** in rural areas. Please call it yourself right now and punch in 69044 when prompted for a zip code. Now try to imagine you are a high school graduate working for a cattle feed yard in rural Nebraska and not a college educated federal policy maker. Imagine continuing to use the phone to try to reach this counselor in the desperate attempt to save your home because you believe that if the bank gave you the phone number because you were having trouble with your payments the people on the other end of that number will surely be able get the bank to wait on foreclosure, or take a lower payment, or even make a payment for you. If you get lucky and guess the North Platte zip code you will find out that there is a counselor over an hour and a half away. I have had a borrower accuse me of supplying this number in order to mentally torture her as revenge for not paying on their past due loan. As you can imagine this "help" elevated my appreciation of HUD's benevolent intentions to a level that is beyond description. This requirement should either exempt rural areas where counseling is not available or preferably it should be eliminated completely.

I would like you to survey your bank examiners and ask them if Home Equity Lines of Credit are available in rural areas? If the answer is Home Equity Lines of Credit are generally not available in the rural areas I would like you to ask them what they think the reason is. If the reason they give is agrees with us, that the compliance effort to offer this product is too complicated, too costly and too risky from an exam aspect to offer it. Then I ask that If I am correct is this not discrimination based on population density?

Thank you for taking the time to read my suggestions for change. Hopefully you sensed of the depth of my frustration with some of these subjects. Please consider the comments of my community bank colleagues. We have the experience of setting policy for our banks as well as the understanding of using those same policies while in direct contact with our customers. I am in favor of simple, clean, and easily understood options that customers in banks of all sizes can take advantage of. Such reform will be appreciated by, and useful to, Joe & Jane Borrower.

Respectfully,

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