

From: Peoples Bank of Magnolia, Mary L Fowler  
Subject: Revision to Escrow Account

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Comments:

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Proposal: Regulation Z - Truth in Lending Act - Revision to Escrow Account  
Requirements for Certain Home Mortgage Loans

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Category of Affiliation: Other

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Comments:

Thank you for the opportunity to comment on the Reg Z Revision to Escrow Account Requirements. When escrow accounts became mandatory in April 2010, we stopped making loans that would require an escrow account. We believed the new escrow regulations would be too costly for us to afford as well as too treacherous for us to take the risk of an inadvertent violation. This is the position we still take. I have the following comments for exemption as allowed under the TILA Section 129D(c) : (1) Rural area should be defined as broadly as possible; I would suggest any area outside of an MSA. Underserved: the proposed definition is probably the least appropriate of all. This one should also be defined as broadly as possible; my suggestion is any county with less than one hundred significantly active creditors. The current definition of underserved would not be met by any county in the USA. (2) Since the proportion of higher-priced mortgage loans (HPML) may be only 10 or 20 percent of total first-lien mortgage loans (FLML), an institution making 100 FLML may only have 10 or 20 of them be HPML and that is too few to be cost-effective. If 100 is a magic number, then it should be 100 HPML's and not 100 FLML's. I think 100 is too few and the limit should be at least 200 HPML's. I think the "either of the preceding two calendar years" rule is reasonable. (3) The rule that the creditor retains its mortgage loan originations in portfolio is reasonable. (4) The asset-size threshold should be the largest size possible. My choice if it could not be unlimited would be one trillion dollars. "Areas" I would have to agree that using counties for all geographic areas is appropriate. "Operates predominantly" I agree with the proposed interpretations. If we are not exempted from escrow requirements on HPMLs, we will continue to not make any HPMLs. Any institution that does not sell its mortgage loans should not be required to escrow. If that is too much to ask, then the definition of HPML should be raised from 1.5% above the APOR to at least 5% above the APOR. Sincerely, Mary Fowler, CEO Peoples Bank of Magnolia, AR