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Comments:

Many of the rules for the newly designated "higher priced mortgages" are really rules for conducting sound lending activities that have been practiced for a long time by successful institutions. For instance, escrowing for property taxes has been standard on the several mortgages I've had for the past 30 years. The obvious reason is to protect the lender's equity from borrowers who don't want to pay taxes. There is no logical reason for a lender to suspend that practice when lending in a more risky situation other than to hide the level of risk to all parties - lender, investor, and borrower. Verifying ability to repay is also an obvious policy, especially in cases of high loan/value ratios. I would recommend that these, or similar, rules be applied to all classes of mortgage. Splitting loans into different groups with more or less restrictive rules applied to them just makes it more tempting for the parties to fudge the classification of specific loans, rather than actually underwriting them in a sound manner.