

From: Russ H. Jenkins
Subject: Revision to Escrow Account

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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Dear Sirs, Madams: I apologize if this comment is past the deadline, but I hope it will be considered all the same. In looking at the proposed rule, a question came to my mind regarding the discussion of economies of scale for escrow accounts and how that relates to the discussion of exemptions for banks that do not already establish or maintain escrow accounts. I refer to this statement: "If a creditor already establishes or maintains escrow accounts, it has the capacity to escrow and therefore has no need for the exemption." Does this not ignore the previously mentioned economies of scale and the fact that many banks that "already" establish and maintain escrow accounts may do so simply to stay in the market and comply with Section 35 of Regulation Z? Are the de minimis exemption and the exemption for banks that do not establish and maintain escrow accounts to be exclusive of each other? I can see where if a bank does not meet the de minimis exemption and is required to maintain escrow accounts for 5 years, the economies of scale mentioned would be reached; however, that would take 5 years. I feel this part of the proposed rule limits options for banks who chose to begin escrowing to comply with Section 35. Thank you for your consideration and my apologies if my analysis is too simplistic.