

From: Jana Holmstrup <jholmstrup@kingsmortgage.com>
Sent: Sunday, August 26, 2012 11:28 PM
To: !FHFA REG-COMMENTS
Subject: RIN 2590-AA58 "Higher Risk Mortgage"

If I understand the proposal correctly, you are simply looking to add another condition of making a Higher-Priced Mortgage Loan (HPML). Adding to the existing requirements of fully documented qualification, no prepayment penalties, and Impound accounts for payment of Taxes and Insurance. I do find the creation of yet another "name" for the same criteria to be a bit confusing. I also find it confusing to place the requirements for such loans under two separate areas of law.

We have HPML defined in Reg Z as the spread over the APOR. The definition of this new term essentially takes the same definition. I would prefer the new requirements be added to the HPML requirements and strongly oppose the creation of a new and separate term. I feel it would be much easier for everyone involved with monitoring these regulations if they were to be found in one place.

MY Proposal – HPML if spread over APOR exceeds 1.50/2.50/3.50 – Requirements: Loan shall be fully documented, Prepayment Penalties not allowed, ARMs cannot adjust in first 7 years, Must establish Escrow Account for Taxes & Insurance, ADD HERE: Must obtain an Interior Appraisal by Certified Appraisal and provide free copy to Borrower, If Seller acquired within six months must obtain 2nd Appraisal at no cost to Borrower.

I would like to see both the current HPML and the Proposed HRML apply ONLY to principal residence transactions.

As a Compliance Officer, I find we are creating too many overlapping regulations. My hope for the Bureau was simplification, rather than convolution. If Congress got it wrong this should be addressed NOW with Congress, rather than trying to implement poorly written laws.

I am an expert in reading the regulations to determine the effect on production and processing requirements, while taking into account the benefits for consumers and public at large - too many times recently I find myself just shaking my head.... I am at your disposal in hopes of getting this right.

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Individual commitment to a group effort - that is what makes a team work, a company work, a society work, a civilization work. ~ Vince Lombardi

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