

From: Michael Wigutow  
Subject: Regulation Z - Truth in Lending

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Comments:

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Proposal: Regulation Z - Truth In Lending Act  
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Comments:

I work for a non-profit organization representing low-income households living on high-income Long Island. Long Island's recent history suggests it is one of the most segregated regions of the Country, with communities separated by race and income status. Many of my clients who own their homes are saddled with mortgages more costly than their wealthy neighbors in nearby communities. Long Island is the hardest hit area for foreclosures in New York State, reflecting the volume of homes and owners, and the segregated state of the communities. The proposed rule in FRB Docket No. R-1390 to eviscerate the remedy for borrowers' to rescind their mortgage loan against lenders who have violated the Truth-in-Lending Act is simply unfair to homeowners and violative of TILA. Given the exponential increase in foreclosures, a greater than six-fold increase in the number commenced on Long Island since 2006, makes this proposal even more egregious. TILA specifically allows homeowners to rescind a loan within three years when material disclosures required are improperly made, thereby voiding the security interest the lender or its proper successor has in the borrower's home. The borrower remains responsible for the amount he or she actually received from the loan. Many of my clients who have a right to rescind are unable to tender the balance due under the note in a lump sum since they cannot obtain alternative financing. Given the inability of the borrower to make this tender, with the lender's loss of security, the logical result could be to force a sustainable loan modification that benefits both parties as well as the public good. A sustainable modification avoids the loss of housing for the borrower, the blight of vacant properties continuing to dot the landscape, the loss of tax revenues and consumer activity in the communities hardest hit by foreclosure, while allowing the lender/servicer to receive continued payments toward reimbursement of the note and avoid the loss that would be suffered by investors. Without the remedy of rescission, homeowners will at most gain nominal damages insufficient to save their homes,

foreclosures will dot the landscape and blight it as well, and investors will find themselves without dividends. And lenders will be less accountable for, and therefore, more encouraged to continue, their abusive lending practices, facts that the proposed rule does not change, only ignores. For these reasons, please withdraw the proposed mortgage regulations in FRB Docket No. R-1390.