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Subject: Regulation Z - Truth in Lending

Comments:

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Proposal: Regulation Z - Truth In Lending Act
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Comments:

The Federal Reserve's proposed revision of the TILA law to require borrowers to make payment of tender before exercising any right to rescission is ludicrous and not well thought out. The finance industry states that the regulation is needed to reduce losses that are being caused by having to litigate supposedly unfounded and unwarranted rescission claim by borrowers. As an attorney who looks at borrowers' loans every day, I can truthfully say that my clients only file rescission claims in mortgage loan cases when there are other mistakes by loan brokers or lenders in making the loans. Given all of the recent press evidencing poor banking practices regarding transfers of notes and assignments of mortgage (robo signers, lack of note transfers, violations of securitized trust provision), I do not think the Federal Reserve can disagree that the mortgage loan industry has been guilty of massive misrepresentations in the mortgage loan industry. The fact that lenders and servicers are in financial trouble because of these failures should not be the genesis for a new regulation to financially prop up these groups. Bailouts have already been provided to the banks and consumers should not suffer the loss of an effective statutory remedy in the form of the rescission action to have them received additional financial aid. The rescission TILA provision is a consumer legislative initiative and any changes should be left to the newly created Consumer Agency. We all are aware that the loan assistance program has been largely unsuccessful in assisting borrowers with troubled mortgage loans. Despite financial incentives servicers and investors have not responded by providing relief to most borrowers seeking loan modifications. The Federal Reserve should not now be stepping in to further aid these same groups at the expense of consumer borrowers. Borrowers need to retain an effective measure of protection when servicers or lenders abuse the lending process. Rescission is that effective measure. Please scuttle the proposed regulation or refer it to the new Consumer Affairs Dept for input so that consumers are adequately

represented as regards the new regulation language. In the past 4 years of real estate and loan implosions the borrowers continue to lose their financial stake or investment in their homes. The perspective of an outsider as to the Washington mindset is that federal actions continue the implosion of value for home owners. The perspective can be altered by a serious review of the proposed policy as to its benefit to borrowers and limited adverse impact on lenders/servicers. Alter that perspective by withdrawing the proposed changes to tender requirements under TILA. Thank you for your time.