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Proposal: Regulation Z - Truth in Lending

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Comments:

"Truth in Lending-R-1305 and others." You will trap thousands of people with your so called "truth in lending" The rule change is in fact a RETROACTIVE piece of legislation, which is substantially unfair. For example people who have improved their homes, people in trouble in their personal small businesses because of the economic downturn, and people at retirement age who have been saving their equity for retirement use (having improved their homes to take out the improvement dollars spent at completion) are now trapped. Entrepreneurs used the equity in their homes to start businesses, they provided jobs, you trap them now because they can't prove their incomes !!! Many will be forced out of their homes because the FED now wants to change the rules in mid-stream. This is unethical. Why is it that the individuals who provide most jobs in America in their small businesses and the weakest are being attacked by the Fed. Many of these people have most of their personal equity in their homes and used it for America as well as themselves, they supported economic growth of prior years!!! Changing the rules in mid-stream is worse than the problem and a grave moral hazard. The rulemakers should step back from this hazard. How many who make the rules are threatened or hurt by the rules, my guess is zero per cent, it is the reason the rules are careless. Yes you will say, "unintended consequences" but the public knows you have written off these

consequences as inconsequential to you. The Fed failure is evident in the market and has happened on their watch. They had since last August to show vigor and fight and showed timidity, bookishness devoid of the real world and carelessness. So why are these lawmakers trying to do everything possible to maintain so called "confidence" in the Fed. "Confidence" in the Fed by whom- and for whom? Confidence was lost in the Fed by the people in the last five months, they told you so at the Christmas sales! It's not this Fed's calling to be an iconic Fed which seems to be its foremost intention. It should not be this Fed's calling to show us how clever they are with new instruments, how tough they are, how "unGreenspan" they are! It's not about the history of the Fed 2008, it's about the people they are sinking right now and the future consequences of that action for those people and the ripple affect that follows that could become a tidalwave out of control. The Fed has stood by, allowing homeowners to lose their homes with consequential problems for the market as a whole. Neighborhoods are suffering and contracting in business activity while the Fed meets and talks until we no longer have confidence in the Fed to act in a meaningful way. We hear, it's only 5% of the market (a meaningless book term), we hear it won't spread, as if homeowners lose their homes in a contained vacuum on a different planet. A convenient pretence, an inconvenient untruth devoid of reality. The Fed meantime congratulates itself on its cleverness. It stands by almost as if enjoying watching people slip under. Shame on the Fed for their care-less attitude about people losing the homes they live in. Shame on the Fed for telling people to spend in prior years, prior recessions, for encouraging the very (home refinancing) activity they now pretend to condemn!

**EXEPTIONS ARE NECESSARY;** 1) for all people who have lived in their properties for more than 3 years -so people are not thrown from their homes because the Fed's reputation is more important than families keeping their homes or becoming homeless. 2) All foreclosures on homeowners living in their own property should be disallowed for two years -forcing the lending institutions that trapped them to accommodate their needs as money becomes cheaper to the lending institutions. 3) Money supply extensions **SHOULD BE SPECIFICALLY TIED TO REFINANCING CURRENT PROPERTY OWNERS IN TROUBLE !!!!!!!!!!!!!!! THE MONEY SHOULD GO FROM THE FED TO THE HOMEOWNERS AND ONLY BE PASSED THROUGH THE LENDING INSTITUTIONS AT "CLOSING."** 3) Where lending Institutions forced prepayment penalties on borrowers, loans must be extended for five years or sales allowed without prepayment penalties- which must be waived in this crisis. 3) Where people over 55 are a homeowner or one of any two in a marriage, (i) refinancing should be allowed at the same standards as any previous loan. and (ii) rates should be reduced in line with current cheaper funds where they were fixed by tricky institutions over the last 18 months. 4) Prepayment penalties must be waived where homeowners or a spouse is over 55. 5) The Fed needs to recognize that homeowner's might live in a 2 unit building and need to extend homeowners privileges to small units under 2 or 4 units. 5) Consumers were trapped by the lending

institutions , and now the Fed passes rules to see the traps hold and the homeowners lose their homes. What kind of Federal Reserve Board is this and why is "confidence" in the Fed more important than people losing their homes and becoming homeless? 6) IT IS not about balanced book values, but about the people those book values represent. The academics of the Fed are failing the people of America , misunderstanding the nature and consequences of lost confidence in the Fed by the people of America. Christmas showed a nationwide spending boycott as the response to the Feds retroactive and unfair credit limits, some forced by people becoming homeless, some forced by loss of confidence in the future of the economic broad base of the country. Future demand levels will fall in an economy that depends on service and discretionary spending ! \* Service and discretionary spending will be substantially reduced through loss of confidence. \* Spending on the home will be significantly reduced as refinancing is being withdrawn as an option for an independent economy. The Fed is making a grave mistake disregarding the loss of confidence of the broad base of ordinary people in the goodwill of the Fed. \* It wasnt so long ago that deflation was more feared. 7) If the people cant trust the Govenors who can they trust? The nonsense of the free market has been shown for what it is as the Fed intervenes in the market to hurt the weakest in the market. How easy that solution is and how unworthy and short-sited. 8) History will show this Federal Reserve was preoccupied with themselves and their reputation following Greenspan, at the expense of the people of this country. While America fell apart and economic confidence in America was lost at home , the Fed thought "clever and different" was more important than problem solved and people and the economy saved. Abstract book numbers were made more important than substantive motivation ,and belief in the freedom of Americans was lost by the Fed's unfair retroactive rules. 9) The answer is very simple- do the right thing for the most people now- LOWER INTEREST RATES TO 3.25% and the problems will solve themselves. 10) IT IS ABOUT THE URGENCY OF NOW- WE WILL ALL BE DEAD IN THE LONG RUN AS MR KEYNES AND MR KING SAID ! 11) The Federal Reserve should avoid so carelessly creating more homelessness in America.

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