

Carole Wallace <carolewallace@hotmail.com> on 08/04/2008 12:05:02 PM

Subject: Regulation AA

I am a real estate agent and always have monthly expenses vs an inconsistent income stream. I have frequently used my credit cards to smooth over periods where expenses are greater than income. I have four main points to make about credit card abuse and the need for reform:

1. The collaboration between the banks issuing credit cards and the credit reporting bureaus creates a fertile ground for abuse. An example: The banks can move up due dates at will, causing late payments. The bank then charges you a late fee, late fees are reported to credit bureaus, so that future favorable lending rates are jeopardized and the bank justifies raising your current interest rate. Now, it becomes even worse; your other lenders can justify raising your current interest rate because you were late on a non-related account. A simple late fee can have such a trickle down effect and can wipe out years of a good credit history.
2. It is so ethically wrong, and I thought it should have been against the law, to use Home Equity Lines to pay off credit card debt or to finance a car or to take a great vacation. The banks win double digit this way. Reverse mortgages will most likely turn out to be as large a debacle as credit cards have been.
3. I began my real estate sales career seven years ago, August 1, 2001. The housing market began its decline in 2003 and has reached it's sorry state of today due in large part to the banking industries and credit practices in home lending, refinancing and home equity lines to pay off credit card debt. There are less move-up buyers now; most have stripped the equity out of their homes. New housing prices have increased past the point of affordability for most without use of creative financing. Without a large down payment a buyer needs an income of approximately \$78,300 a year to buy a \$235,000 home and cover PITI. How many families have an income of \$78,300 a year?
4. RESPA needs reform to require an arm's length relationship between the sales and the financing transactions - too many agents are as deficient ethically as loan officers. I also think it should be illegal for a real estate sales agent to be a loan officer or have a family member who is a loan officer.

Thank you for the opportunity to voice my concerns and opinions about the need for credit card reform in addition to the need for banking practices reform.

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