

From: Bank of Monticello, Virgil Welker
Subject: Reg Z - Truth in Lending

Comments:

First Name: Virgil
Last Name: Welker
E-Mail:
Profession: Banker
Organization: Bank of Monticello
StreetAddress1:
StreetAddress2:
City:
State:
Country:
Postal Code:
Referring URL:

E-mail Content:

Comments concerning the final Regulation Z (Truth-in-Lending) amendments concerning "Higher Priced Mortgages". - from Virgil Welker, President of the Bank of Monticello,. Our Bank has discontinued offering home loan mortgages for the current time due to the changes handed down from the Reg. Z amendments - "Higher Priced Mortgages". We had offered 1 and 3 year balloon loans but with the new regulations, our customers would very seldom qualify for these loans due to the new requirements of "payment flow" and being capable of paying the loans in full at maturity of the balloon loan. We find that we do not want to offer ARM""s because of the interest rate available would not be sufficient for the loans to be profitable. I am afraid that these changes will make it very difficult for consumers in our area, or any rural area, to acquire credit to purchase a home. This will provide a further detriment to the housing market and general economy. From the information I have collected on the new Reg Z requirements, I do not see how we can profitably make home loans any longer in our area. I do not want to make 7-year balloons as this could easily cause an interest rate risk problem for the bank with 7 year loans and practically all COD investors (customers) going 1 year or less on their purchases. If rates would move up, we could be facing the same problems as the S & L industry faces in the 1980""s. I think these rules need to be reconsidered and a more palatable solution formed for small, rural community banks who did not cause this financial problem to begin with. Your consideration of my comment will be appreciated.