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Comments:

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Proposal: Regulation Z - Truth In Lending Act
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Comments:

After reading a newspaper article regarding the potential amendment of rescission protections, I am very much against any such change. Rescission can only be exercised if the lender "materially" violated the requirements set forth, so if this is the circumstance, the consumer must be protected...not the offending lender. The change considered would require homeowners to fully pay off the loan before the offending lender releases their lein; however, getting a replacement loan would be impossible with the existing lein. So I am against changing the rule. All of that said, if a change must be made, I would suggest establishing a second-tier lein status (maybe even title it "Recission Lein") in the law, which the offending lender's interest would be reverted to; and in conjunction, set forth a rule that lenders may not utilize a "Recission Lein" in their underwriting of a loan. This would free up the consumer to find a replacement loan in a rational timeframe - say 120 days - and allow the offending lender to maintain a secondary lein status until such time as their loan is paid and closed. My first choice is no change at all....it was not broken - don't try to fix it. But if you must change it, put the consumer's protection first and foremost against the material violations of lenders.