

From: Housing Action Illinois, Bob Palmer
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Comments:

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Proposal: Regulation Z - Truth In Lending Act
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Name: Bob Palmer
Affiliation: Category of Affiliation: Other
Address:
City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

Housing Action Illinois asks for the withdrawal proposed new rules that would make it much harder for homeowners to escape abusive loans, avoid foreclosure or obtain refinancing by changing the rescission and disclosure provisions of the Truth in Lending Act (TILA). Since 1968, TILA has allowed homeowners to demand that a lender release the mortgage lien if the loan violates the law. The homeowner can then refinance or negotiate a loan modification to repay any amount owed. The Fed reverses the statutory rule and requires consumers to obtain a new loan before the first loan is cancelled. Most homeowners cannot qualify for two mortgages, making TILA's remedy for illegal loans useless to all but the wealthiest homeowners. Lenders would have greater latitude to provide inaccurate information. For example, lenders could understate the monthly payment by \$100, more than 10% of the average mortgage payment. Large tolerances are also proposed for the loan amount. Creditors could replace the Fed's consumer-tested disclosures with their own, untested forms, potentially omitting key disclosures altogether. A myriad of other changes in the 250-page rule rewrite the disclosure regime and further limit consumer protections. The Fed is clear in the proposal that its primary aim is to relieve creditor burden, not further consumer protections. The proposed rule is not only bad policy; it exceeds the Fed's authority to change the protections Congress enacted. There is no urgency to the proposed changes or justification to rush them through before the Consumer Financial Protection Bureau takes over for the Fed on July 21, 2011. The Fed should withdraw the proposed rule and allow the CFPB to consider the proposal as part of its comprehensive review of mortgage disclosures and protections. Housing Action Illinois is a statewide coalition formed to protect and expand the availability of quality, affordable housing throughout Illinois. Together we empower communities to thrive through three programs: Organizing, Policy Advocacy, and Training and Technical Assistance. Our members include housing counseling agencies, homeless service providers, developers of affordable housing and policymakers. These organizations serve low- and moderate-income households, helping to provide a

place to call home, thereby strengthening the community at large.