

From: Bobi A
Proposal: 1417 (RIN 7100-AD75) Reg Z - Mortgage Repayment Standards
Subject: Reg. Z

Comments:

Date: Jul 15, 2011

Proposal: Regulation Z; Truth in Lending
Document ID: R-1417
Document Version: 1
Release Date: 04/19/2011
Name: Bobi A

Comments:

The proposal is aimed at protecting a uneducated home buyers from unscrupulous sellers or lenders. Many would like it revised to not include home sellers at all. The majority of loans between buyers and sellers work for both parties, the seller has every reason to set the buyer up for success so they can continue to receive timely payments. The system benefits both. The buyers are not children,needing protection, they are adults who can make their own decisions, they wish to make a grown up commitment to buying a home. The majority of sellers who sell on terms are not at all out to harm the buyer, many are seniors who wish to sell this way for an income stream but do not have the experience or the desire to qualify a buyer by government standards. This proposal creates the opportunity for predatory borrowing. This is where an unscrupulous buyer knowledgeable about the Dodd-Frank Act leads an uninformed seller (and this will be the majority of sellers) into negotiations not in compliance with the ability-to-repay requirements. (An example of that could be a balloon, an interest rate greater than 1.49% above a standard mortgage, or the seller did not know how to calculate the income-to-debt ratio correctly, or know what residual income means). That buyer lives in the property trying to resell it for a profit and if they are not successful within three years they rescind the sale and get all their money back. The unintended consequences of this are too harmful to allow it into law. Instead of penalizing all citizens by removing their right to easily sell their property and helping a buyer with financing why not focus on convicting those that obviously preyed on a buyer,, these things can be on a case by case basis. Instead, this is stopping good people from doing good business with other good people. This proposal is similar to proposing that no adult is allowed within 30feet of any child under 18 because there are pedophiles in the world.