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Subject: Reg. Z

Comments:

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Comments:

PLEASE LEAVE SELLER FINANCING ALONE. MA and PA America never did anything to upset the economy by extending credit to a buyer. It was lenders who caused the problem. Seller financing should be as unregulated as possible. Here are some reasons: 1. Ma and Pa seller cannot report to credit bureaus. If the buyer defaults, it will not affect the buyer's credit rating because the credit bureaus won't even know about it. 2. While this proposal is supposedly helping "the consumer" - the home buyer - the home seller is also a consumer - you are actually hurting the very people you are supposedly trying to help. a. Eliminating balloon payments hurts older sellers. Most people who are 60 years old cannot benefit from carrying a 30 year note when selling their home. b. Some banks are allowed to have a 5 year balloon, to help them keep up with the current status of the interest rates in the economy. If banks can have balloon payments, why can't a private seller have the same opportunity? Notation: Ma and Pa might have an emergency and need to sell their mortgage note. A mortgage note is valued according to "time value of money." Ma and Pa would get substantially more cash from selling a note with a 5 year balloon, than selling a 30 year note. c. The "ability to repay" will stifle if not kill most seller financing. If a home buyer could qualify for bank financing, seller financing would not be necessary in the majority of cases. d. Seller financing is not "standardized." Every deal is different, unlike loans. Putting in regulations for ability to repay will cause confusion and scare most real estate and mortgage agents and Ma and Pa away from seller financing. e. With each offer, the home buyer will have to furnish personal information which could cause all kinds of opportunities for identity theft and will actually hurt the consumer more than help him/her. f. Ma and Pa will be at risk if they have to wait for three years to make sure the buyer doesn't make claims: 1. Ma and Pa will be too scared to seller finance with this law facing them for three years. 2. Ma and Pa could end up with an emergency, and need to sell their mortgage note for cash. Ma and Pa would be unable to sell their mortgage until it was at least three years old, because note buyers would not want to risk the buyer making claims during that three year window. This could be a financial disaster for Ma and Pa. Seller financing has been around for years and has a way of regulating itself. Seller financing is NOT A LOAN. It is simply an extension of credit for the balance due after the down payment. Ma and Pa do not need or want strangling regulations that will harm their ability to sell their property. Many consumers will lose the opportunity to buy a house if these regulations go through. Ma and Pa America have other

problems as well. What happens after Ma and Pa sell the property and Ma and Pa have an emerge