

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

Comments:

Date: Jul 21, 2011

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

Comments:

I urge you to allow seller financing without the extremely onerous requirements currently proposed. I was a mortgage broker for 17 years and can't begin to describe the hardship this bill would cause. As we all know, lending has become extremely tight, with mixed results. Many worthy borrowers cannot buy a home and this especially affects self-employed people whose tax returns show a much smaller net income than their similarly situated w-2 neighbors. Self-employed people can write off a great deal of the expenses that w-2 borrowers pay after tax. The illusion of more income is not the reality at all. There are also people who have had a foreclosure or other financial crisis due to the economy who will not qualify for a loan for YEARS, even though they are back on their feet again. The negative effect this has had on home buying and home prices does not need any further mention. Every day it is in the news and is stalling the economy. Likewise, refusing to allow balloon notes is far too restrictive. I can see not having balloons shorter than three years. Beyond that it chills sales and reduces property values. Not to mention the unfortunate people who are in dire financial straits and are trying to sell their homes to avoid foreclosure. This proposal and the three years of liability, which WILL BE EXPLOITED by unscrupulous scammers, harms everyone. The proposal is well-intentioned but the consequences will be harmful beyond your wildest imagination. I am 63 years old and sold my home on a balloon note to a successful chiropractor who could not qualify for a loan because she has too many rental properties. Her credit score is in the mid-700s, her tax return income and the required reserves are more than adequate, but she cannot get a loan. A balloon mortgage was the only option and we constructed it in a way that has been beneficial to both of us. In my skeptical mind I cannot help but wonder if this is another ploy of big banks. They are the only ones who benefit from this proposal. And guess what: their loan officers do not even have to be licensed. Let's get honest about what is going on here and find a way to allow the sale of homes to resume.