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Proposal: 1417 (RIN 7100-AD75) Reg Z - Mortgage Repayment Standards

Subject: Reg. Z

Comments:

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Comments:

To whom it may concern:

We STRONGLY object to this poorly conceived proposal.
The ability of the owner of real property to sell his or her property at whatever terms they choose should a fundamental right of the property owner. Nothing prevents the buyer from doing appropriate due dligence through his or her own efforts, those of property inspectors and appraisers, attorneys and title companies in the same manner as is done now regardless of the source of funds for the purchase. And if the seller is willing to take a risk on a buyer it is not the responsibility of that seller to do more qualification of that buyer. Since it is the seller who would be writing the note and creating the new accompanying mortgage, that seller would be taking the risk if the buyer defaults. The payment performance of the buyer on the subsequently seasoned note would demonstrate whether or not the note is suitable for resale in the secondary market down the road, and at what terms. So the new note owner would have appropriate information to make that note purchase decision. It is ridiculous to put the onus of a 3 year right of recission on the seller, when it should be the buyer and his or her representatives evaluating the deal before purchase, as is done now. In cases of fraud, which would be the only situation where a reversal of a sale should be considered, existing law should be more than adequate to allow action against the improprieties of a defrauding seller. Criminal penalties to punish the seller and civil action to make the property purchaser whole. Millions of homes are in or near foreclosure and many others cannot be sold because of the unwillingness or inability of our private banking system to adequately expand credit for new mortgages despite the bailout of that industry. Yet here we are with this terrible proposal to push what resales there would be entirely into the arms of those who have been unwilling and/or unable to handle demands even where a substantial portion of sales are currently handled directly between sellers and buyers, which this proposal is trying to eliminate. If the banking system can't handle what it's got now, why should it suddenly be able and willing to handle those transactions to which it often turns up its collective nose? All too many sellers can only find buyers by offering to finance all or a part of the sales transaction or can simply work out a better deal bypassing the existing conventional possibilities. And all too many buyers cannot qualify for conventional financing. Clearly, if a seller cannot afford a sales commission he or she is unlikely to be able to afford and be unlikely to have the

wherewithal to perform the excessive proposed qualifications of potential buyers required by these new regulations. Nor is it the job of the Federal Reserve to enrich those in the marketplace (banks and mortgage brokers) who have been unable and unwilling to sufficiently help with a crisis substantially of their own making. The seller finance market has existed for generations and has always been a boon to the portion of the housing market where conventional methods haven't and often can't work. This seriously flawed proposal will force substantial additional numbers of people into foreclosure and give an effective monopoly to those whose actions have been illegal, greedy and even where not illegal of a highly questionable nature. It will undoubtedlty have the effect of REDUCING sales of properties and thereby exacerbating our current foreclosure housing crises. Please do not implement this misguided proposal.