

From: Peter K. Moore
Subject: Credit Risk Retention - Reg RR

Comments:

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Proposal: Credit Risk Retention
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Comments:

A little background. I have a Ph.D. and am employed as an academic Dean (Assoc. Dean) at a private university (SMU). My salary easily puts me in the upper middle class. I have concerns about the proposed regulations concerning home mortgages (about which I am certainly no expert). I am concerned about the 20% down payment requirement and about the front- and back-end ratios of 28% and 36%, respectively (or around 1/3). I put down 20% for the purchase of my current home and I spend much less than 1/3 of my gross income on my house payment (actually under 6%). I do recognize the role of the housing bubble in the recent financial collapse and have no interest in seeing a repeat performance so I am in favor of significant changes. However, I am also concerned about the unintended consequences of the proposed percentages to the overall housing market, especially at the low end. While I recognize the view of home ownership we have had (everyone should own) is in need of revision this proposal goes too far in my view and will severely restrict the housing market - already in dire straights (I don't consider my home a retirement investment). I also have personal reasons (hard to separate out from my earlier concerns) for opposing the proposed drastic changes. In a year I am hoping to move. Selling my house will be problematic enough in the current market (I am not underwater) as it is - under these regulations I may be stuck unless I sell it for well under its current value (around \$140,000) simply so that a buyer can make the 20% down payment. It will also be some time before I could then make a similar 20% downpayment on the house in the neighborhood I hope to move to. On page 78 of the proposal it says (concerning home buyers who put 20% down), "If faced with hardship, such borrowers typically can sell their homes ..." but in the new home market created by these rules I doubt whether this will any longer be true. Thank you for allowing comments. On suggestion - the table of contents in the pdf document should have page numbers making the appropriate sections easier to find.