

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

Comments:

Date: Jul 16, 2011

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

Comments:

This regulatory reform regarding seller financing is horrific. There are several aspects of this reform that will have incredibly dramatic negative impacts on individuals as well as be detrimental to the housing industry's recovery attempts. Not only have people used seller financing as a way to end up owning a home when bank guidelines are tightened. It is a way for a seller who is cash strapped and without any options to actually sell a house rather than have a bank foreclose. Many individuals are not desiring to be landlords therefore with a simple adjustment the seller financing provides a way to keep a large section of houses out of the already overwhelmed housing market. The guidelines this proposal would make mandatory are another way to keep home owners already struggling hand cuffed from being able to sell a house. Owner financing is much more beneficial than renting for the renter and it makes the renter more committed to actually purchase the home many times for the same monthly payment as rent. If the guidelines are enacted, the average home owner will be far too scared to attempt to try to sell with owner financing for fear that one mistake will bankrupt them due to having to refund all money by recinding the sale. Builders often offer more attractive financing when there is difficulty moving a house. Seller financing is mutually beneficial to both the seller and the buyer as it saves thousands in closing cost and relieves a sellers financial burden by moving a house in an otherwise overpopulated arena of bank owned properties and owners needing to sell. Requiring a loan originator to follow guidelines means sellers risk losing all funds over three years if the loan originator makes a mistake. In addition the guideline prohibiting balloon payments would take the ability of many seniors who had relied on income from properties as retirement and make it so they would never recoup thier investment. Banks have always had many guidelines for home purchasing. Any unique property will not fit with their underwriting and force a seller finance type of deal. In addition this opens the door to identity theft by making the buyer divulge far too much information to have a owner consider financing them. It is unfair to tie the hands of sellers further in this economy where the country as a whole is trying to bounce back from this housing crisis. This proposal is atrocious. This will not only keep our housing crisis alive but push us further from any recovery.