

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

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Comments:

The issue of private seller financing in the sale of property is as old as the nation, and should be left intact. I have been involved with seller financed transactions for more than 20 years; and have the following observations:

1. Owner financed sellers do collect a credit report, and employment information; and income information. It would be an absurd notion to sell their property to someone who did not have the ability to repay. Kindly remember that it was the banks, and licensed mortgage lenders who created stated income loans, and it was the GSEs who purchased these.
  
2. The current dilemma was not created by owner financed properties.
  
3. Banks are currently writing balloon mortgages, why would this option be denied to private sellers? A 5-10 year balloon is no more risk for a private seller than a bank.
  
4. Banks are currently writing adjustable rate; interest only loans. These are the very loans which are the basis of the crisis; and foreclosure problems which have devastated the housing market.
  
5. People who are self employed, or commission based; or receive their income from interest, or rental income, simply cannot get a mortgage in today's market. Your regulation would discriminate against these people who want to be homeowners.
  
6. Borrowers who are facing foreclosure, or with dings on their credit, will not be able to secure a mortgage for a different home, without owner financing.
  
7. I believe that is manifestly unfair to punish those who have nothing to do with the current crisis, in order to respond to the crisis; without properly regulating the perpetrators of the crisis.

8. Banks are currently writing mortgage loans at interest rates prohibited by the regulation; are writing balloon mortgages which would be prohibited by the regulation; banks are writing short term adjustable rate loans, which may or may not, be a foreclosure in the making- but are the bulk of the foreclosed loans causing the crisis.

9. If your regulations are designed to promote safety in the market, then they should apply to all transactions.

I am not anti-bank; but see the housing market a prime mover in the recovery. If your regulations stifle that market, the US may never recover.

Thank You, John Tauro