



Scott Burns is a newspaper columnist and author who has covered personal finance and investments for nearly 40 years. Today, he ranks as one of the five most widely read personal finance writers in the country, according to The Dallas Morning News.

Education

Burns graduated from the [Massachusetts Institute of Technology](#) with a degree in humanities and biology (1962).

Career

Burns began his career as a newspaper columnist at the [Boston Herald](#) in 1977 where he was also the financial editor. The column was nationally syndicated in 1981 and is now distributed by [Universal Press Syndicate](#).^[2] In 1985 he joined the staff of The [Dallas Morning News](#) where his column became one of the most widely read features in the paper. Retiring as a *Dallas Morning News* staff member in 2006, he continues to contribute to the paper through his ongoing syndication.

COMMENTARY: SCOTT BURNS

Kafkaesque adventures in mortgage land

("Kafkaesque" is an [eponym](#) used to describe concepts, situations, and ideas which are reminiscent of the literary work of [Prague](#) writer [Franz Kafka](#), particularly his novels [The Trial](#) and [The Castle](#), and the novella [The Metamorphosis](#).)

The term, which is quite fluid in definition, has also been described as "**marked by a senseless, disorienting, often menacing complexity: Kafkaesque bureaucracies**" and "marked by surreal distortion and often a sense of impending danger: *Kafkaesque fantasies of the impassive interrogation, the false trial, the confiscated passport ... haunt his innocence*")

Path to Dripping Springs paved with paperwork.

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Analysts greeted May's tiny increase in existing home sales with minimal cheer. I guess they were looking for something more dramatic.

In fact, they didn't understand the meaning of the little uptick. It was a miracle. It is miraculous that any homes are sold in America.

The same generous folks who lent so much money during the boom — the same people who inspired the phrase "NINJA loan," for "no income, no job, no assets" — are now exercising so much diligence that it is a miracle any home sales close. Sales would be much higher if lenders could do what they are seemingly unable to do: make intelligent lending decisions.

I say this from traumatic personal experience, having just bought a house in Dripping Springs.

Here's the story: My wife and I have spent most of the past five years in Santa Fe, N.M. Friends are happy to visit because, well, Santa Fe is a great place to visit if you can't manage to live here full time.

Then one of our children moved, with two grandchildren, to Austin. We came to a simple conclusion: Hill Country plus grandchildren trumps Santa Fe.

We looked for a house during a five-day visit in May. We had one under agreement when we left.

Seeing as the Santa Fe house might not sell quickly, we limited our Hill Country search to homes priced at a level for which we prequalified. A lender quickly approved our application. All we needed to do was provide the necessary supporting documents. That should be a slam-dunk, right?

Wrong. The first request calls for 15 types of documents, some with multiple parts. I dutifully assemble them and send a large package by FedEx, feeling guilty for contributing to the deforestation of Georgia.

Eight days later, we receive a second request. This one for 10 types of documents, some with multiple parts. One item: a letter explaining why we're moving from New Mexico to Texas. It raises a serious question: Should I say one reason is named Nathan and another is named John Taylor?

I assemble the documents and send the package. No more could possibly be asked.

Wrong. Twenty-two days later — and only 10 days to closing — the loan processor e-mails me about getting through underwriting.

The Underwriter is a mysterious person I am never to see, know or contact in any way. The Underwriter needs an additional five documents.

At this point, I am starting to feel like the Land Surveyor in Kafka's "The Castle." It is not clear how I will ever get to the Castle, but the Underwriter has something to do with it.

I assemble the questionably necessary documents and send them off. My wife and I seriously discuss walking away from the whole deal. We could wait until the Santa Fe house sells. Then we could pay cash.

Three days to closing: The Underwriter is still mulling the documents. More questions must be answered.

On the eve of closing there are, yes, additional requests for documents. Fortunately, they were provided in previous rounds.

By this time, both my wife and I don't care if we close. We also have a new concern: If this is a sample of reformed lending, the grandchildren may be bringing their children to the Santa Fe house, because we'll still own it.

Finally, we close — but funding is delayed until hours before we are on a plane back to New Mexico.

My wife and I have taken blood oaths that we will live in a tent rather than finance another house.

No individual human beings are villains in this story. Not the loan officer, the loan processor, the real estate brokers or the title company people. All were straight-up professionals trying, very hard, to do business. They were confident because they had a top-rated borrower with multiple sources of income and a high net worth.

So what's wrong?

There is no way you can accumulate enough paper to substitute for human judgment. The No Paper system didn't work. It created the housing crisis. The Infinite Paper system that replaced it doesn't work either. It will extend the crisis.

Questions about personal finance and investments may be sent by e-mail to scott@scottburns.com. Questions of general interest will be answered in future columns.

Courtesy of JB Goodwin