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Subject: Reg. Z

Comments:

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Comments:
I sent a comment on the Dodds-Franks bill Tuesday of this week but on a closer reading of the regulations I have decided to submit an additional comment. Through my companies, we seller finance a small number of homes and land-home packages to low income home buyers. Due to the new regulations we will no longer finance low income home loans. Keep in mind that this is private money. No federal or public funds are involved and private money or seller finance is practically the only game in town for that income bracket. We have decided to discontinue financing low income housing loans due to the difficulty of qualifying buyers and penalties that inadvertent mistakes could potentially cause. Most applicants have little credit history and the lack of verifiable income and debt make qualifying loans difficult and subject to the right to rescind the agreement and that makes financing of low income buyers an unacceptable risk. Although, the loans themselves inherently carry some risk, the probability of buyers rescinding a sale and receiving 36 months of passed payments goes far beyond any acceptable limits of risk we are willing to take. Additional concerns are the ticking time bomb that will go off when attorneys find the opportunities of the potential lawsuits and the knowledgeable buyer that purposely misleads the loan originator in order to rescind the agreement thirty six months later and benefit by receiving what will amount to free rent. There is, for all practical purposes, no commercial interest in financing homes to those buyers that need housing the most. The cost of servicing small value notes is not economically feasible at the interest rates allowed by the regulations for minimal requirements and there are not enough government programs to meet the demand, even if they could qualify. And, with the current economic difficulties, there will be less money available to meet those needs. I am also discontinuing my loan origination service. There is the problem that the loan originator has, even if the cap on origination fees is disregarded. Any loan that is originated will be at risk. Since a larger number of the low income notes will be in default there will be more demands to rescind those notes and in turn the originator will be found at fault and sued. Additional issues to be considered is the chilling effect these regulations will have on the liquidity and resale value of notes that are less than thirty six months and the potential risk of any home loan that is foreclosed and is resold using seller financing which would be necessary because there is no conventional market for low value or low income loans. Sadly, the biggest loser will be those who need a home the most. This appears to be another case where, in an effort to protect, government over-regulation

will deny the poorest an opportunity. In this case, it is owning a home.