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Proposal: 1417 (RIN 7100-AD75) Reg Z - Mortgage Repayment Standards

Subject: Reg. Z

Comments:

Date: Jul 15, 2011

Proposal: Regulation Z; Truth in Lending
Document ID: R-1417
Document Version: 1
Release Date: 04/19/2011
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Comments:
Seller "financing" provides housing for millions who otherwise could not qualify for conventional loans. Homeowners are not bank officers or mortgage lenders. By requiring them (many if not most of whom who take back a mortgage are elderly) to qualify buyers using bank standards means they will simply refuse to sell with owner financing. Thus millions of people will be deprived of home ownership. Why should the buyer be required to divulge their income and assets to the very person with whom they are negotiating the terms of a sale? This is not required when there is a 3rd party lender. Requiring the buyer to turn over all their financial information to a stranger opens the door for identification theft and fraud. This also creates the opportunity for predatory borrowing. This is where an unscrupulous buyer knowledgeable about the Dodd-Frank Act leads an uninformed seller (and this will be the majority of sellers) into negotiations not in compliance with the ability-to-repay requirements. (An example of that could be a balloon, an interest rate greater than 1.49% above a standard mortgage, or the seller did not know how to calculate the income-to-debt ratio correctly, or know what residual income means). That buyer lives in the property trying to resell it for a profit and if they are not successful within three years they rescind the sale and get all their money back. By not allowing them to negotiate a balloon payment, there is a good chance that a seller 55 years or older will die before receiving all their equity. A lot of seniors have invested in real property with the intent of selling it using seller financing (an installment sale) in order to supplement their income in retirement, but also with the hope that they would not be stuck with a 30 year investment. The Dodd-Frank Act does the same thing insurance companies do who sell 30 year annuities to seniors. Our government has criticized this deplorable practice because seniors will die before they receive all their investment. The restriction of no balloon doesn't affect just seniors, it has financial consequences for anyone using seller financing. Under the Dodd-Frank Act community banks are allowed to originate fully amortizing loans with a five year balloon. The rationale is that they hold these loans in their own portfolios and the government recognizes their need to hedge against inflation and rising interest rates. Yet, the Act does not recognize that private property owners who have 100% skin in the game need the same protection. A five year balloon is predatory lending. If there has to be a restriction it should at the very least be the same allowance given to community banks of a balloon in 5 years. There are a lot of small builders that have a spec house or two that they can't sell unless they offer great terms using seller financing. Otherwise they have to let these properties go back to

the bank, which does not help housing or the economy. It has been said that a seller financing the sale of his or her own property would completely avoid the issue of licensing by retaining the services of a licensed loan originator. If a mortgage loan originator (MLO) fails to properly follow the ability-to-repay guidelines the buyer still has three years in which to rescind the sale which leaves the seller at risk and will most likely bankrupt them.