

From: R. Haynes  
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  
Name: R Haynes

Comments:

Your proposal would almost totally eliminate one of the most likely sources for addressing the current real estate crisis and starting the recovery. I have bought and sold property for over 35 years using seller held financing. Thirty one years ago I started a business for buying seller held contracts bringing liquidity to the market of seller held financing. This was the 1980s and the real estate market was reeling then from the Savings and Loan Crisis (the cycle starts again) as well as dealing with bank financing with interest rates as high as 18 percent. Very few people could qualify for conventional financing and one of the very few ways for properties to sell was for a seller to carry back financing. The lack of "rules" benefited the buyer and the seller. It was seller held financing that eventually got the banks back into real estate lending because they eventually saw they were missing out on business. Now it appears they don't want to compete, they just want to legislate their competition away. It wasn't seller financing that got us into our current real estate disaster. It was the regulated lenders who were supposedly already under these rules that did not follow them and now we have our current crisis. Now the regulated lenders are taking lemons and turning it into lemonade. Instead of making them pay the price we let them use this proposed legislation to enlarge their monopoly. The amount of financing that is done with seller financing is miniscule compared to the big picture but in many depressed rural areas seller financing is the only source. What are both sellers and buyers going to do if they can't meet these stringent regs and the institutional lenders are not willing to do the transaction? How can a common person be expected to qualify a potential buyer to the standards that you are proposing? These transactions are used very few times in one's lifetime yet these rules would almost require a full time compliance officer to oversee things. That is not reasonable. Why does the government have to protect us from ourselves in every area of our lives? This is not an area of abuse. Regulate the predatory lenders but don't eliminate the few ways for the individual seller and buyer who don't fit the banking qualification mold to buy and sell property. What if I, as a borrower/buyer, don't want to reveal every aspect of my personal financial status to someone I want to buy property from? You are trying to address a problem that does not exist. The banks just want to control every aspect of our financial lives.