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More lending rules does not necessarily equal better lending rules. Seller financing has helped many people become homeowners who otherwise would not qualify for an institutional product. Limiting seller financing with heavy restrictions will prevent many retirees and owners of investment real estate from receiving monthly income from the investments they have worked so hard for. What about the owner of real estate who has been counting on selling and holding a note to supplement retirement income? Restricting the sellers ability to receive their equity as monthly income will upset the retirement plans of so many real estate owners.

How is this fair? Add regulations to Mom and Pop lending only serves to squeeze the small guy and help the big guy...Banks who are already set up to qualify a borrower. Additionally, providing stiff penalties and a 3 year reccision period will motivate some educated buyers to take intentionally take advantage and initiate litigation against less savvy good-faith seller-financiers who may not understand to get all the documentation in place. Leave seller financing alone. Restricting seller financing will only serve to hurt the real estate market even more.