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Comments:

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Federal rules that apply to mortgage loan regulations should apply only to lending institutions that have federal backing. It is important that the Fed be able to make sure that lenders are not setting themselves up for defaults that the Fed will have to pay for. On the other hand, private entities and individuals who do not expect a government bail-out should be left free to enter into a seller-held mortgage without complying with onerous minimum underwriting standards. The parties to an agreement of this type will conduct their evaluation of the buyer's ability to repay to their own satisfaction before agreeing to the transaction. Any gains or losses will accrue to the buyer and seller involved in the transaction, and no other. Since a seller-held mortgage is an agreement that only affects the seller and buyer, it does not require federal regulation under the Truth-In-Lending Act or the Dodd-Frank Wall Street Reform and Consumer Protection Act.