From: Sound Investments Company, Robert L Doremus

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

Subject: Reg. Z

Comments:

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Comments:
I have read through your proposed rules change to Regulation Z and would like to comment about your proposals. So as not to waste your time, I will get to the main concerns that I see. You propose to make sellers and buyers involved in "Seller-Financed sales" follow the same rules that you have enacted to apply to professional, full-time Mortgage Loan Originators (MLO). These new rules as enacted by the Dodd-Frank Act were mainly designed for the professional lending industry, who are principally third-party facilitators of loans to borrowers.
They are rightly designed to keep these "dis-interested third-party" professional lenders from potentially taking advantage of unsuspecting borrowers through deceptive, over-burdensome loan terms/practices that can financially devastate borrowers. That certainly makes sense to have rules for thet professional lending industry. But it makes no sense, and is overtly burdensome to include Seller Financing in this same category by applying the same rule standards to them. I have been involved in the Seller-Financed Real Estate marketplace for almost 30 years, and can tell you from experience that Seller financed sales involve, in the vast majority of cases, one-time, unsophisticated-in-the-loan-industry-methods-type sellers and buyers. They are openly and willingly negotiating with free will on both sides of the table. It is an arms-length, mutually beneficial, and NECESSARY, AND USUALLY ONLY-ALTERNATIVE form of financing that particular real estate sale. In most cases these properties are not even of interest to finance by the conventional lending industry, as they include properties such as mobiles and land, land-only, recreational lots, undeveloped large land parcels, mixed-use commercial/residential, and sometimes homes with types of obsolescence which make them sub-standard to conventional lending guidelines. But these non-conventional properties still have real value, and the seller-financed loans can be as much
as 10% or more of the total sales that take place in any particular market.
Some of the rules/restrictions you are proposing, such as the buyer having a 3 year right-of-rescission, are so over-burdensome and potentially financially destructive to the seller that it will potentially KILL THE MOTIVATION TO EVEN CONSIDER SELLING WITH OWNER FINANCING! What unsophisticated, man-on-the-street-seller in their right mind would take this risk? We are not talking about regulating an MLO, who makes the loan on the deal and then walks away with a commission, and has NO FURTHER INVOLVEMENT OR RISK WITH THE DEAL.
Sellers and buyers in Seller-Financed deals BOTH HAVE FULL INVOLVEMENT IN THE

DEAL UNTIL THE LOAN PAYS OFF. CAN YOU SEE THE OBVIOUS DIFFERENCE in the role/risk by both Seller and Buyer IN THIS TYPE OF TRANSACTION VERSES THE ROLE OF A MLO?? I ask you to carefully consider who are the real culprits in the Real Estate FIASCO WE HAVE ALL EXPERIENCED. Have you heard of great numbers of unscrupulous transactions being reported on in the Seller-Financed industry? Are these Seller-Financed sales really even a part of the abuses we have read and heard about in the loan industry in whole? I implore you to please think carefully about the incomparable differences which define this industry verses the rest of the conventional lending industry. Please be reasonable with your rules and please don't lump this vastly different industry with the rest of the professional loan industry when making rules that could devastate this small, but viable Seller-Financed sales market. Respectfully Submitted, Robert L. Doremus President, Sound Investments Company