

From: Texas Land Developers Association, John A Womack  
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Comments:

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Comments:

Texas Land Developers Association On behalf of the Texas Land Developers Association I appreciate this opportunity to interject our concerns regarding the application of underwriting standards for owner financed properties. Specifically, our membership is made up of individuals who "owner finance unimproved lots' for the purpose of constructing single family dwellings. As of date, the owner financing of these types of unimproved lots for a single family dwelling have not been regulated beyond the bounds and responsibilities of a Registered Mortgage Loan Originator. It has been interpreted by the Texas Department of Saving and Mortgage Lending that in the case of an 'unimproved owner financed' lot intended for a single family dwelling the requirements and/or criteria as imposed by the SAFE ACT or Dodd-Frank regarding financial underwriting does not apply. If these requirements such as the buyers 'ability to pay' as prescribed by the Dodd-Frank Act which amends the Truth in Lending Act are promulgated in so far as to included unimproved lots the impact upon consumers, homebuilders and developers would be catastrophic. Owner financing is one of the last paths to credit for many consumers who don't fit the criteria as prescribed in the aforementioned legislation or as mandated by the banking industry. The key to the process of providing what is now considered 'unconventional financing" is the simplicity in which the buyer and seller can conduct a transaction. These lots are paid for on an installment basis allowing for the accumulation of equity which can provide financial stability to consumer in offering it as equity for the eventual financing of a new home or clear title to a piece of land accommodating a manufactured home. There are numerous other advantages which elude the 'one size fits all' frame work as being implemented by SAFE ACT and the Dodd-Frank ACT. Once again, on behalf of the Texas Land Developers Association we strongly urge and respectfully request the exclusion of owner financing of unimproved lots intended for use for single family dwellings in regards to the ability-to-repay underwriting requirements when offering seller financing consistent with the Dodd-Frank Act which amends the Truth in Lending Act. We appreciate this opportunity to state our position on this matter and look forward to assisting you with any questions you may have. Sincerely, John A. Womack