

From: Texas Land Developers Association, Patricia Fletcher
Proposal: 1417 (RIN 7100-AD75) Reg Z - Mortgage Repayment Standards
Subject: Reg. Z

Comments:

Date: Jul 21, 2011

Proposal: Regulation Z; Truth in Lending
Document ID: R-1417
Document Version: 1
Release Date: 04/19/2011
Name: Patricia Fletcher
Affiliation: Texas Land Developers Association

Comments:

Our company is a member of the Tx Land Dev Assoc and I appreciate the opportunity to voice my concerns about the application of underwriting standards for owner financed properties. Our membership is made up of individuals who own and finance unimproved lots for the purpose of constructing single family dwellings. To date, owner financing of these types of unimproved lots for single family dwellings have not been regulated beyond the bounds and responsibilities of a Registered Mortgage Loan Originator. It has been interpreted by the Texas Dept 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 TILA are promulgated in so far as to include unimproved lots the impact on 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 a 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 or a small frame or brick or block home, depending on subdivision restrictions. There are numerous other advantages which elude the one size fits all framework 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 a seller financing consistent with the Dodd-Frank Act which amends the TILA.