We are a loan origination and loan servicing company servicing around 900 loans. We do not own any CSR rights, we do not deposit any funds into our accounts, we enter all payments and fees directly into the Lender's bank accounts. Our Lenders are Lenders who provide seller-financed loans on mostly vacant lots. We are able to provide a level of service to our customers (those who are making payments on their loans) that a large servicing company is not able to do. We do everything we can to help the consumer avoid foreclosure. Due to the SAFE Act, we have not been able to do as many renew & extends as we had in the past due to the regulations that would require a consumer to have to qualify if they have put a dwelling on the property. We do loss mitigation for all our properties including contacting them by phone in addition to the formally mailed notices. WE are able to work with the consumer to avoid foreclosure unless the consumer is unable to make even their current payment or we are no longer able to contact and they do not return our calls or requests by mail.

Customers are able to come in to our offices, make payments, make arrangements to catch up on payments or even on their negative escrow accounts to a degree that most large servicing companies are not able to do.

Any and all of the proposed changes to the service requirements for the non-banking mortgage servicers will result in a loss of these non-traditional services that are available to mostly low-income consumers that are not able to qualify for traditional mortgages. The SAFE ACT has already increased the cost to the consumers due to the increase in cost of compliance required to be licensed and requiring a Residential Mortgage Loan Originator to sell a vacant lot and other seller-financed properties.

It seems that the blanket assessment of "baseline prudential standards" sounds "prudent" but when you look at the number of small seller-finance operations that then service their own loans or a company that services several seller-finance lenders as a subservicer and how these requirements are not only excessive, but also not applicable to the operations of the company, then it becomes difficult to comply … because it's not applicable. Yet, just as with the SAFE Act, we are told "we are spreading a wide net" and including more and not less, and yes, you don't fit, but here's how you have to answer questions on the Mortgage Call Report (that clearly do not apply to you, but in order to comply answer with these INCORRECT answers.) How is that doing what the intention of the regulation is to protect consumers? It gets to the ridiculous level, but when we inquire of our regulatory agency, we are told "Why do you think you don't have to comply with the law." Not the issue at all. ITS not applicable to our operations but we have to figure out how to comply anyway.

We are not highly capitalized because our operations do not need us to be. We provide staffing services (subservice) to Lenders where they can have their loans services professionally, consistently, and responsibly and meeting the legal requirement while also providing a personal level of service not possible with a large servicer dealing with federally-funded loans. These loan portfolios are not federally insured loans, are not sold on the secondary market and thus do not meet the critical issues of highly-capitalized banks and mortgage companies.

There is not large amounts of dollars changing hands when "funding" a loan. The seller-financed properties, the Lender exchanges an asset (land) for a debt (Real Estate Note). The need to "purchase a bad loan" is not applicable.

As servicers, we have had to register and were told that was all that was needed. The Mortgage Call Reports for RMLOs includes an annual financial report. Now this report is requiring us to report on the servicing side. I entered all the loan information for notes that I have no interest in nor does that money go into my account. My fees to the Lenders for servicing do not have any criteria for loan balances nor to any fees charged the consumer.

1. **Capital – does not impact the consumer how much capital I have as a servicer for the seller-financed Lender.**
2. **Liquidity – non-performing notes does not impact anyone other than the Lender who I am servicing for. I am able to keep consumers that fall 30-60-90-120 days behind and work with them on a plan to catch up as long as the Lender is willing to allow some of their notes to be delinquent.**
3. **Risk Management – As a (sub)servicer, I do not own the assets being serviced … risk management would be unreasonable for me.**
4. **Data Standards – the limitations on the small servicer exempt causes this to be an exemption that is easily not applicable even if you service far fewer than 5000 loans.**
5. **Data Protection – we already have to follow the Gramm-Leach Bliley Act do informing consumers and protecting their information is already in place.**
6. **Corporate Governance – For small companies, privately owned, often family-owned, requirements beyond what is already required to complying with state corporate requirements and RMLO licensing requirements, the requirement to have audit report by an independent public accountant is excessive, unnecessary regulations.**
7. **Servicing transfer requirements – We are already under the CFPBs transfer requirements and comply with applicable regulations**
8. **Change of control requirements - All Texas entities must comply with Texas Public Information Report where owners or members of an entity must be listed annually.**
9. **-12**
    a. **These items do not apply to our model. Looking at these items and the type of (sub) servicing that we do, and the seller-financed Lender, these items are not applicable.**

The SAFE Act had many unintended consequences to the small businesses who are providing non-traditional solutions to the consumer to enable them to own land/homes. The regulations are increasing the complexity of these businesses and the cost of having these operations. In the end these excessive regulations that are "throwing a wide net" are costing the consumers , and particularly the poor from being able to have the opportunity to work toward land and home ownership.

These regulations are giving the consumers fewer options with very little ability for the entities that can afford to offer services and opportunities that are not available in the traditional mortgage market to many consumers.' And to include vacant land in this seems excessive.

I agree with the recommendations of the Texas Land & Mortgage Association's below:

TL&M strongly avers that there should be at least two categories of exemptions from these proposed standards: (1) a servicing exemption and (2) a loan type exemption, the details of which are:

Create a Servicing Exemption: A subservicer is a vendor for hire. It performs the servicing duties for the note holder. As long as the subservicer or affiliates do not own the MSRs, an exemption should be created because the subservicer does not own any MSR assets.

Create a Loan Type Exemption: Reg X RESPA 1024.2(b) outlines the requirements for a note to be considered a Federally Related Mortgage Loan and exempts Non Federally Related Mortgage Loans based on situations found in 1024.5(a). Because many of the TL&Mmembers are developers, provide seller-financing, and originate and service unimproved property, and because Texas defines an unimproved residential lot in its definition of Mortgage Loan (see Texas Finance Code §180.002(18)&(20)), an exemption for non-federally-related mortgage loans must be created or else a vacant lot will get caught up in these costly servicing regulations unnecessarily.

An adverse outcome would be that, if and when these small subservicers leave the industry, borrowers and consumers would be deprived of the kind of personal attention and customer care provided to them by these subservicers who know their customers and who can assist them with their needs, including providing information to them directly about their loans. This level of customer care is a far cry from the large, corporate