Barnes Walker
Seller-Financing Guide
Under Dodd-Frank

Is the buyer a corporation/LLC/partnership or a natural person?

Corporation/LLC/Partnership

Natural Person

Does the buyer intend to reside on the property?

No

Does the lender own the property?

No

Does the lender wish to lend money to the buyer and use the dwelling as security?

Yes

Lender must be a licensed loan originator, or use the services of a licensed loan originator. Note: A mortgage broker is a licensed loan originator.

No (no security)

Yes

Is the seller a natural person, trust, or estate? (If a corporation, partnership, entity, etc., then "No")

No

Is the seller financing three or less properties in a 12-month period?

Yes

Three Property Exception applies if Seller did not construct or act as the contractor in construction of the residence - Seller does not need a loan originator license. However, there can be NO balloon payments, and Seller must make a good faith determination that consumer has the ability to repay loan. Adjustable interest rates must have reasonable limits.

No

Is the seller financing only one property in a 12-month period?

Yes

One Property Exclusion applies if Seller did not construct or act as the contractor in construction of the residence - Seller does not need a loan originator license. The loan can contain a balloon payment (not less than 5 years recommended to be conservative), but no negative amortization. Adjustable interest rates must have reasonable limits.

No

Is the buyer a corporation/LLC/partnership or a natural person?