

PLEASE READ – AND PLEASE DISTRIBUTE – I AM NEW TO THIS

DODD-FRANK ACT HAS UNINTENDED CONSEQUENCES THAT WILL
KEEP AFFORDABLE HOUSING AWAY FROM THE AMERICAN FAMILY AND HURT MY BUSINESS.

I am a private money lender in Las Vegas, Nevada, and every day I lend money to families to buy houses using money from private investors. It is a win-win scenario for both the buyer and the investor. For the first time in my 50 years of life, I see people buying 3 bedroom/2 bath homes - not mobile homes - for \$50k and less. They are putting down 40% which is \$20,000, and they have a monthly payment of \$306.25. They can pay down the principal at any time they want to and they usually pay off the balance in less than two years. Private money is the ONLY way borrowers can borrow against a house that needs some minor repairs, or when the loan amount is less than \$50k, or when some of the appliances are missing, or when the borrower has unpaid medical bills on his credit report, because conventional lenders won't do the loan. Many people have lost their house through foreclosure because they couldn't get their lender to give them a straight answer - or in most cases, even answer the phone - when the bread-winner lost his job and therefore, they can't get traditional financing, but they want to start over and buy an inexpensive house. When I make a \$30,000 loan - using private investor money - the borrower is ecstatic that he is able to get the loan at 12.25%. My investor makes more interest than he can on his CD, the borrower has his very own home with a great payment, and I don't have to tell hard working people that they can't buy a house with private money.

But that is no longer going to be possible because of the restrictions of the High Cost Loan provisions of the Dodd-Frank Act. Our government, in their attempt to protect us, has now made it impossible for a family to buy a house using a private money loan. Investors can still get private money loans, but if you want to live in the house, forget it!! Unless of course, you are willing to go through HUD approved counseling on how to manage your money – even though you saved up 40% of the purchase price which shows that you know how to save money – and unless the investor is willing to give you a free loan for 10 years. Whoops! This is a capitalistic society and private investors lend out their money because they want to make more money than they can on their CD. These loans aren't guaranteed by the federal government! They cost a little bit more because all of the benefits of conventional lending are not available to private investors - however, the prices are still reasonable and borrowers are still willing to pay them. My borrowers pay \$2500 for any loan under \$50k and that is a reasonable fee for taking on a management intensive loan. And our market is competitive. If I try to charge too much, the borrower goes to my competition. Private money lending has been in the 12% range for the past 20 years in Las Vegas, and we've made thousands of loans and the American public isn't screaming about our loans. They are screaming about the inept, uncaring, inefficient, unbelievably arrogant sub-prime lenders who could have solved the housing crisis very easily, and kept their principal balances intact, by answering their phones, listening to their customers, lowering their interest rates to 5%, on a 30 year fixed rate loan. This, in turn, would have kept housing prices from plummeting to rock bottom. I work in the trenches. I saw what really happened.

And these provisions are on top of the HOEPA and Truth in Lending laws that weren't written clearly enough and therefore, unintentionally affected private money loans, making it impossible for any owner occupant to get a refinance loan once they are already owners of the property. At least previous to this Act, we were still able to lend to people to purchase their houses, but now we can't even do that anymore. It isn't hurting the lenders, or the investors, because there are plenty of investors who still want to buy houses. It's only hurting the people who want to buy an inexpensive house to live in. These laws were meant to stop unethical practices of institutional lenders, and I agree with every single provision. It wasn't the private money lenders who created the sub-prime mess, and it isn't the

American families who should be penalized when they've been able to save up 40% to buy a house. Unfortunately, the way the act is written, that is what is going to happen.

If we want to fix the High Cost Loan provisions, so that owner occupants can still get a private money loan to buy a house, then we need to specifically state in the law that a "loan funded by individuals through a mortgage broker, is not considered a High Cost Loan and is not subject to these regulations." Or make a separate section pertaining specifically to Private Money Loans and at the same time, fix the problems the HOEPA laws, the Truth in Lending laws, and the 2010 Good Faith Estimate have created for the ordinary average citizen to purchase or refinance his primary residence. Our industry is small, we don't have a large lobbying voice in Washington, and you probably haven't heard about these problems, but once you see what impact the law has had in the trenches, you will want to fix it so that this segment of our population is no longer denied capital.

I am proud to be in a job that is helping to rebuild our economy and people's lives, and I want to continue to help our citizens recover some of what they have lost, while making money for my investors, and operating a small business so that I can pay my taxes. I will be happy to assist you in any way possible. You may contact me on my cell phone at 702-592-7183 any time.

Sincerely,

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