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Comments:

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The "proposed ability-to-repay" rules may be well intended when applied to lending institutions which securitize portfolios, however when applied to individuals selling property, the "proposed ability-to-repay" rules appear to be designed to destroy an individual's right to contract to buy and sell real property (real estate). In my case, I am over 56 years old and have been planning for retirement. Over the years I have bought about 8 rental properties and lots which I eventually want to sell using some form of owner financing (probably an installment sale and possibly with a balloon after several years) as the burdens of rental management become too great or as my renters want to "own" the house they live in. To keep from being a burden on the "government dole" as so many have become in modern America, my intention is to sell these properties using some form of owner financing which meets my needs and the needs of the buyer. Unfortunately, the "proposed ability-to-repay" rules will everely limit my rights to make a decision to buy or sell my properties. As I am not a corporation that employs dozens or hundreds of administrative staff to keep up with regulations that change at the whim of Congress or some Federal bureaucracy, these Federal rules which are meant to help, actually ruin opportunity for American individuals. I am one honest, hardworking American veteran who is happy to provide good housing to good people and want to be able to plan for my own retirement financial needs. Specifically: 1. The General ability-to-repay standard should apply only to financial institutions, not individuals selling privately held property. I don't have an underwriting "department"; I do "get to know" the people I deal with and have a simple application process. If a renter or buyer can't afford a property, they aren't allowed to rent or buy in the first place. 2. As the seller in an owner financed transaction, I don't know what the terms are until discussing the needs of a buyer. Sometimes interest-only payments with a balloon payment are needed by one party and acceptable to the other. A negotiation to buy/sell property is not always "cookie cutter" perfect - that is what over regulation forces upon the masses. It may work most of the time; it certainly prevents many from qualifying to buy a house. Many people have strange financial needs and the ability of a buyer and seller to discuss and negotiate their financial needs is crucial to setting up the right terms of sale whether it be 15 years of payments, 30 years of payments, "interest only" with some form of balloon, or even occasionally payments of over 40 years with no prepayment penalty.

That brings up a topic which seems to be missing from proposed regulation, or I have overlooked. Why are prepayment penalties allowed? If a borrower can repay principal early, why should they be penalized? 3. Balloon payments are allowed in rural areas to assist "small" banks. That's a great idea. Why are small banks in rural areas protected as a class, however individual property rights to buy or sell property destroyed by burdensome bureaucracy? As a hardworking, honest American, I am observing that Federal rules intended to reign in suspect corporate business practices are actually being applied to and destroying individual business initiative and creativity. If that is the intention of the "proposed ability-to-repay" rules, the SAFE Act, and the Dodd-Frank Act, then I applaud you. However, I want to believe that at this point the "proposed ability-to-repay" rules are just a staffing oversight. These Federal regulations should be reviewed for how they destroy an individual's right to buy/sell property. After further review, wording should be included to protect an individual's right to buy/sell property before the "proposed ability-to-repay" rules are promulgated.