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Subject: Reg Z - Truth in Lending

Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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Comments:

The stated intention of this proposal is consumer protection..my concern is that the unintended consequence is higher prices and more costly loans for the consumer. I don't think that you have to be a PhD in economics to understand that this will limit competition and put all residential lending squarely in the hands of a few. There will be no incentive to "compete" for a person's mortgage loan as their options will be few...hence higher costs to the consumer. I am not naive enough to believe nor brazen enough to suggest that there has not been abuse by some with regard to "steering" and the use of yield spread premium. By the same token there were abuses by banks, brokerages, hedge funds, ratings agencies, etc... By eliminating or limiting yield spread premium you are eliminating compensation...generally the market place (read competition) regulates the amount of compensation available to any segment of a particular industry. There are far better ways of dealing with abuses (whether by individuals or institutions) than eliminating the very mechanism that ultimately protects the consumer from abuse...that is the free market. I fully support the national registry for mortgage originators and increased education and background requirements. I cannot support and cannot even fathom the elimination of yield spread premium for the purpose of consumer protection. It is antithetical to its stated purpose and counter intuitive to our understanding of how markets work. I ask you to please reconsider this position.