From: Real Estate Mortgage Exchange, Alex A Venneri

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:
Dear Ben Bernanke, Eliminating YSP commission is the wrong solution if you are trying to prevent loan officers from steering clients into high cost and/or high commission loans without regard to the clients' best interest. The question is, "how are lender/investors able to incentivize" loan officers with high commission mortgages." The answer is the credit rating agencies! Fitch, Standard and Poor's, and Moody's have been given a pass on this whole financial mess. These credit rating agencies made a combined $3,000,000,000 by rating JUNK mortgages as AAA. And, it was no secret in the secondary mortgage markets that this was standard practice for several years. Question, how were loan officers paid $15,000 commissions on $400,000 loans? AAA ratings on those products made it possible for investors to pay those YSP's. The market has already corrected this problem and now it is up to you to make sure that it does not happen again. If you believe in free markets, then give clients a choice to choose a direct lender or a mortgage broker and decide between a no point, points, or a no cost loan. Do not limit the consumer choices by eliminating YSP, as this type of response will only exacerbate the problems within the mortgage industry as a whole. You are well intentioned and changes are required in the mortgage industry, but R1366 is not the answer. Just maybe you should consider the credit rating agencies as the source of YSP abuse! Sincerely, Alex A. Venneri President Real Estate Mortgage Exchange