20110803006

RECEIVED 8-3-11

Peter Alpert
Attorney at Law
333 Earle Ovington Boulevard, Suite 1010
Uniondale, New York 11553
Phone: (516) 248-1700

July 28, 2010

Honorable Ben S. Bernake
Chairman
Board of Governors of the
Federal Reserve System
Washington, DC 20551

Honorable Martin J. Gruenberg
Acting Chairman
Federal Deposit Insurance Corporation
Washington, DC 20429

Mr. Edward J. DeMarco
Acting Director
Federal Housing Finance Agency
Washington, DC 20552

Honorable Mary L. Shapiro
Chairman
Securities and Exchange Commission
Washington, DC 20549

Honorable Shaun Donovan
Secretary
Department of Housing & Urban Development
Washington, DC 20410

Mr. John G. Walsh
Acting Comptroller
Office of the Comptroller of the Currency
Washington, DC 20219

Re: Interagency Proposed Rule on Credit Risk Retention

- OCC: Docket No. OCC-2011-0002 regs.comments@occ.treas.gov
- Federal Reserve: Docket No. R-1411 regs.comments@rederalresrve.gov
- FDIC: RIN 3064-AD74 comments@FDIC.gov
- SEC: File Number S7-14-11 Rule-comments@sec.gov
- FHFA: RIN 2590-AA43 RegComments@FHFA.gov
- HUD: RIN 2501-AD53 via www.regulations.gov

Ladies and Gentlemen:

I am writing this letter to you to respond to your request for comments with respect to the above matters. I have been a practicing real estate attorney in New York for thirty (30) years. During that time I have represented buyers and sellers of residential properties as well as developers of multi-family residential properties and condominium units. I witnessed with great dismay, the loosening of the lending standards which took place in the 90's and the ultimate debacle which has most recently occurred. It is clear to me that the loosening of the lending standards (low down payments, lowering income requirements, allowing greater debt) all led to the housing financial debacle. Further those factors coupled with the lower interest rates produced a housing bubble. Sellers inflated the prices of their homes without justification and because credit was easy and interest rates were low, prices rose and buyers purchased.

Those disproportionately overpriced homes are now the subject of foreclosure and have produced a dislocation in the real estate market. Adopting the restrictions contemplated by these regulations will help insure that only people who have the necessary financial capability will buy a home and it will reduce foreclosures and the problems they cause. It will also no doubt, have the effect of lowering prices and until sellers recognize that the market is requiring lower prices it will produce a temporary reduction in sales. Though the reduction in sales is unfortunate, it is necessary in order to overcome the excesses and problems caused by the weakened credit standards and poor lending practices which took place recently.

I urge you to ignore the protests of the brokers and other members of the real estate industry who are solely interested in promoting sales regardless of the ultimate effects. We have seen the results of weak restrictions and poor lending policies. Those practices must be reversed and unfortunately there will be some pain to go with it but that is a necessary consequence. I also urge you to ignore the protests of those who say that higher credit standards will impede home ownership. It is certainly true that the higher credit standards and higher required down payments will reduce the number of people who will seek to buy homes. But the fact of the matter is home ownership is an expensive proposition. No one is receiving a favor by allowing them to buy a house that they cannot truly afford and ultimately end up losing in the near future. That is a scenario we are currently living with and it is absurd to think there is any good reason that we should continue the present policies which have resulted in the horrendous situation we are presently in.

I thank you for your time and your consideration.

Very truly yours,

Peter Alpert

Peter Alpert

PA:lo

N/Transactional/Alpert/PMA16/Bernake, Grunberg, etc. Ltr.
July 28, 2011 (10:01am)