



**Congress of the United States**  
**House of Representatives**

May 27, 2011

The Honorable Shaun Donovan  
Secretary  
The Department of Housing and Urban  
Development  
451 7<sup>th</sup> Street., S.W.  
Washington, DC 20410

The Honorable Ben Bernanke  
Chairman  
The Federal Reserve System  
20th Street and Constitution Ave., N.W.  
Washington, DC 20551

The Honorable Edward DeMarco  
Acting Director  
Federal Housing Finance Agency  
1700 G Street, NW  
Washington, DC 20552

The Honorable Mary Schapiro  
Chairman  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549

The Honorable Sheila Bair  
Chairman  
Federal Deposit Insurance Corporation  
550 17th Street, N.W.  
Washington, DC 20429

Mr. John Walsh  
Acting Comptroller  
Office of the Comptroller of the Currency  
250 E Street, S.W., Room 9048

Dear Secretary Donovan, Chairman Bernanke, Schapiro, Bair, Acting Director DeMarco, and Acting Comptroller Walsh:

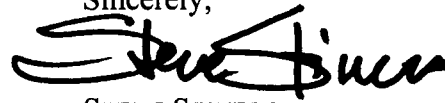
I am writing today regarding Section 941 of the Dodd-Frank Act, which requires a definition of exempt "Qualified Residential Mortgages" (ORM) from the Act's risk retention requirements.

Prudent but not needlessly restrictive credit standards are an effective method to measure the homeowner's ability to repay their mortgage obligation prior to the debt being incurred. Down payments also provide protection. Borrowers should be given fair and safe options to fill the gap between a home's appraised value and the requisite collateral threshold, the "equity gap". QRM mortgages should allow for this equity gap to be filled by borrower down payment; or in the case of low down payment homebuyers, well qualified borrowers should have the option to purchase Federal Housing Administration (FHA) insurance, private mortgage insurance, or to borrow a portion of their equity through a subordinate mortgage.

Taking into consideration taxpayers' interests is beneficial and essential as you move forward defining the QRM. Simply requiring 20 percent down payment does not adequately cover losses that would occur when uninsured 80 percent loan-to-value mortgages default. The definition should also prevent concentrating taxpayer risk in the FHA if no other QRM options are provided to low down payment homebuyers. Oftentimes 20 percent down payment is not a viable option for homebuyers, consequently considering other types of collateral will reduce the barrier to entry for homebuyers and move up borrowers.

A balanced approach between the marketplace and prudent regulation should determine adequate protections of the financial system in the event of borrower default. Thank you for your attention and consideration to this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Stivers". The signature is fluid and cursive, with a large, sweeping initial "S".

STEVE STIVERS  
Member of Congress