Greater Rochester
Housing Partnership

July 28, 2011

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Regulations Division
451 7th Street, SW, RM 10276
Washington, DC 20410-0500
RIN 2501–AD53

DEPARTMENT OF THE TREASURY
Office of the Comptroller of the Currency
250 E Street, SW, mail stop 2-3
Washington, DC 20219
12 CFR Part 43
Docket No. OCC-2011-0002
RIN 1557-AD40

FEDERAL DEPOSIT INSURANCE CORPORATION
Attn: Robert Feldman
550 17th Street, NW
Washington, DC 20429
RIN 3064-AD74

FEDERAL HOUSING FINANCE AGENCY
Alfred M. Pollard, General Counsel
1700 G Street, NW, fourth floor
Washington, DC 20552
RIN 2590-AA43

FEDERAL RESERVE SYSTEM
Docket No. R-1411
20th Street and Constitution Ave, NW
Washington, DC 20551
RIN 7100-AD70

U.S. SECURITIES AND EXCHANGE COMMISSION
Elizabeth M Murphy
100 F Street, NE
Washington, DC 20549-1090
Release No. 34-64148; File No. S7-14-11
RIN 3235-AK96

Thank you for the opportunity to comment on the credit risk retention portion of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

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The Greater Rochester Housing Partnership is a financial intermediary and lender for affordable housing developments in the Rochester, NY region. We are the manager of an acquisition/rehab single family program that purchases foreclosed properties and renovates the homes for sale to low and moderate income buyers. In this role we are deeply concerned about the impact of Section 941(b) of the Act concerning retaining credit risk and the definition of Qualified Residential Mortgages will have on the pricing and availability of affordable mortgages for low and moderate-income buyers.

While we applaud the motivation for requiring lenders to retain at least 5% of the credit risk when packaging asset-backed securities, we are concerned that the requirement will limit the number and size of mortgage lenders to only those able to take and hold this risk on its balance sheet. This narrow group of lenders will likely add a layer of cost to the process.

The QRM as proposed in the rule as it is too narrowly drawn. Rather than encouraging responsible and well underwritten mortgages, the QRM will limit the ability of low-income families to obtain mortgages.

- The down payment requirement is too large and will prevent moderate and low-income households from purchasing a home.

- The treatment of second mortgages does not allow for the use of soft second mortgages and closing cost assistance that are instrumental to successful affordable housing programs.

- The debt-to-income ratios do not allow the flexibility that is needed for careful underwriting.

We urge the risk retention rule be re-written to define QRM to set new standards for underwriting including analysis of ability to pay the loan, elimination of negative amortization, prepayment penalties, excessive points and fees and onerous balloon payments.

Sincerely,

Jean A. Lowe
President