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**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-4209**

COMMITTEE ON THE JUDICIARY

SUBCOMMITTEES:  
COURTS, COMMERCIAL AND  
ADMINISTRATIVE LAW—RANKING MEMBER  
CRIME, TERRORISM, AND  
HOMELAND SECURITYCOMMITTEE ON  
TRANSPORTATION AND  
INFRASTRUCTURESUBCOMMITTEES:  
AVIATION  
HIGHWAYS AND TRANSIT  
WATER RESOURCES AND ENVIRONMENT

September 08, 2011

Ms. Mary Shapiro, Chairman  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Mr. Ben Bernanke  
Board of Governors of the Federal Reserve  
20 Street and Constitution , NW  
Washington, DC 20551

Mr. Martin J. Gruenberg, Acting Chairman  
Federal Deposit Insurance Corporation  
1776 F Street, NW  
Washington, DC 20006

Mr. Edward DeMarco, Acting Director  
Federal Housing Finance Agency  
1700 G Street, NW 4<sup>th</sup> Floor  
Washington, DC 20552

Mr. Josh Walsh, Acting Comptroller  
Office of the Comptroller of the Currency  
250 E Street, SW  
Washington, DC 20219

Mr. Shaun Donovan, Secretary  
Department of Housing and Urban Development  
451 7<sup>th</sup> Street, SW  
Washington, DC 20410

Dear Chairman Shapiro, Chairman Bernanke, Acting Chairman Gruenberg, Acting Director DeMarco, Acting Comptroller Walsh, and Secretary Donovan:

I am writing regarding the proposed rulemaking on regulation to implement Section 941 of the Dodd-Frank Act which includes defining a Qualified Residential Mortgage (QRM). I am concerned about the effect that the potential down payment requirement would have on my constituents in Memphis, TN. I strongly urge you to consider lower down payment loans that will keep credit worthy buyers in the market and able to acquire a loan.

The proposal to require a minimum 20 percent down payment requirement under the QRM definition would reduce the availability of affordable mortgages for qualified consumers. Few borrowers would be able to meet these requirements and those that do would be forced to pay much higher rates and fees for safe loans that did not meet the exceedingly narrow QRM criteria. The Center for Responsible Lending, a non profit, non partisan policy research organization, cites it would take the average middle-class family 14 years to save enough money for a 20 percent down payment.


The rule could essentially lock first-time homebuyers out of all but the government-insured mortgage market. It would further increase wealth disparity in general, and

especially across racial lines. The reality is that minority populations have very low net worth when compared to Whites. A 20% down-payment requirement would have a significant negative impact on communities of color and others in my Congressional district. Poorly thought-out rules could also impede new and existing home sales, and continue to stall the current economic recovery. Congress and the federal agencies must work to ensure that the regulations benefit the consumers and all other participants in the residential mortgage market.

I urge you to revise the proposed rule to reflect the intent of Congress by including prudently underwritten privately insured loans within the QRM definition. Please take these issues into consideration as you implement your final ruling regarding Section 941 of the Dodd-Frank Act to define Qualified Residential Mortgages.

As always, I remain,

Most sincerely,



Steve Cohen  
Member of Congress