

Congress of the United States  
Washington, DC 20515

May 31, 2011

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

Mr. Ben S. Bernanke, Chairman  
Board of Governors of the Federal Reserve  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551

Ms. Sheila C. Bair, 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. John Walsh, Acting Comptroller  
Office of the Comptroller of the Currency  
250 E Street, SW  
Washington, DC 20219

Mr. Shaun Donovan, Secretary  
U.S. Department of Housing and Urban Development  
451 7th Street, SW  
Washington, DC 20410

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

We are writing concerning your notice of proposed rulemaking on the regulations to implement Section 941 of the Dodd-Frank Act which includes defining a Qualified Residential Mortgage (QRM) that will be exempt from the Act's risk retention requirements. We strongly urge you in this process to consider lower down payment loans that have mortgage insurance (MI) as constituting a QRM.

Section 941 of the Dodd-Frank Act specifically names "mortgage guarantee insurance" as one of the factors to be included in the QRM definition. The law recognizes that private capital does not exclusively come from a lender or an investor; it can be provided by a private mortgage insurer. The QRM regulations should reflect this important reality, which was Congress' intent in clarifying this point in the Act. As we seek to ensure sustainable home ownership supported by the private sector, it should not go unnoticed that loans with private mortgage insurance default less often than uninsured loans. Mortgage insurers provide additional scrutiny on a loan application, supplementing the lender's review. In addition, mortgage insurers have well-established procedures that have been shown to mitigate and cure loan deficiencies. These safeguards protect lenders and investors while keeping families in their homes. This is important to consider as we seek ways to create sustainable home ownership opportunities for Americans through the private sector with less reliance on government-supported mortgage finance products.

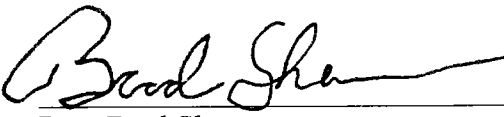
The proposal to require a minimum 20 percent down payment requirement under the QRM definition would reduce the availability of affordable mortgage capital for otherwise qualified consumers. In fact, in 2009 when underwriting standards had already been significantly tightened, the majority of homes were purchased with less than a 20 percent down payment. An unnecessarily strict QRM definition would particularly harm first-time and minority homebuyers. Creditworthy first-time homebuyers would be priced out of the market, as evidenced by a survey by the National Association of Realtors that found in 2010, 86 percent of first-time homebuyers made down payments below 20 percent. The resultant reduction in demand for housing, due to an overly burdensome government dictate, would only add to the challenges the housing market faces, and could threaten a full-fledged economic recovery from years to come.

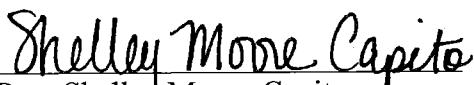
Other overly proscriptive elements of the proposal regarding credit history are best left in the context of establishing broad underwriting standards and principles. We are concerned, for example, that the proposed regulation establishes overly-narrow debt-to-income guidelines last seen more than a generation ago that would further reduce access to credit for a broad range of Americans. Furthermore, this could have the unintended consequence of pushing borrowers to Federal Housing Administration (FHA) insured loans. The FHA is already playing too large of a role in mortgage market and we should not institute policies that could exacerbate the problem.

We urge you to revise the proposed rule to reflect the intent of Congress by including prudently underwritten privately insured loans within the QRM definition. We thank you for your consideration and look forward to your timely response.

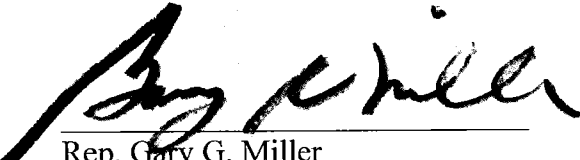
Sincerely,

  
Rep. John Campbell

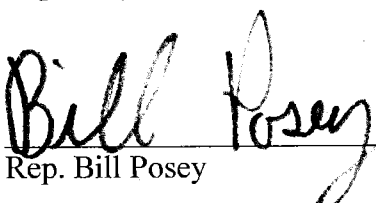
  
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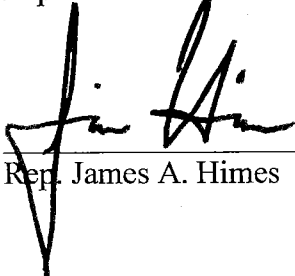
  
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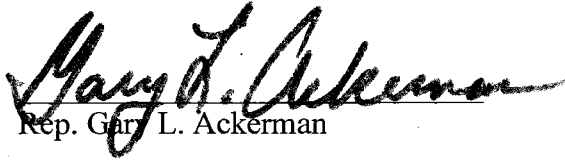
  
Rep. Ed Perlmutter


  
Rep. Gary G. Miller

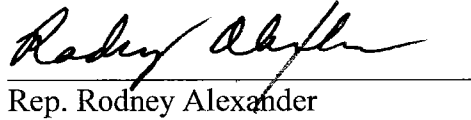
  
Rep. Gwen Moore

  
Rep. Bill Posey

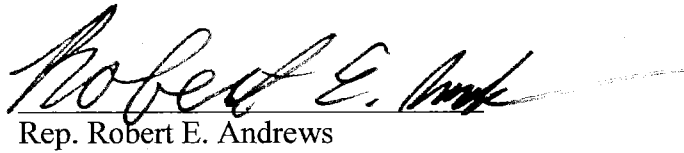
  
Rep. James A. Himes

  
Rep. Gary L. Ackerman

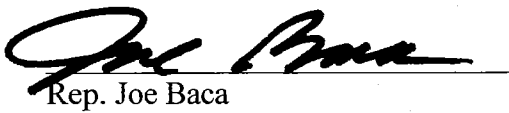
  
Rep. Robert B. Aderholt

  
Rep. Rodney Alexander

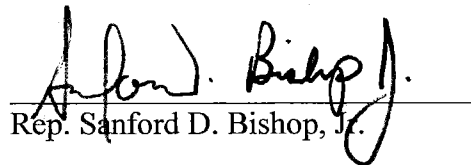
  
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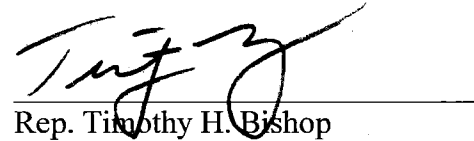
  
Rep. Robert E. Andrews


  
Rep. Steve Austria

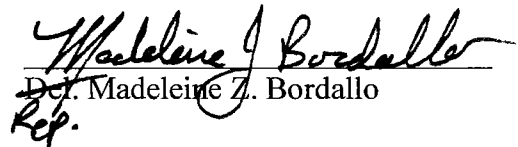
  
Rep. Joe Baca

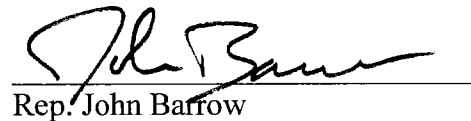
  
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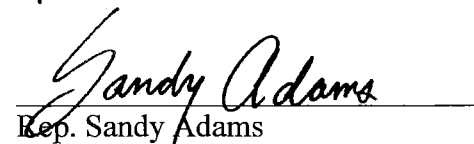
  
Rep. Sanford D. Bishop, Jr.

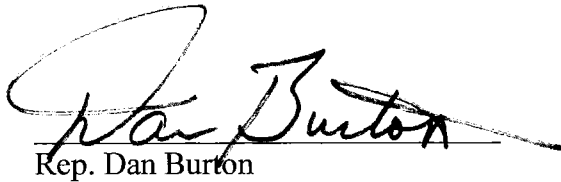
  
Rep. Timothy H. Bishop

  
Rep. Jo Bonner

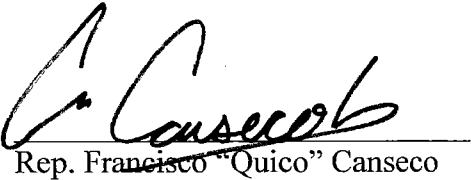
  
Rep. Madeleine Z. Bordallo

  
Rep. John Barrow

  
Rep. Sandy Adams

  
Rep. Dan Burton

  
Rep. Ken Calvert

  
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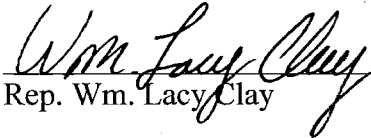
  
Rep. Lois Capps



Rep. Russ Carnahan



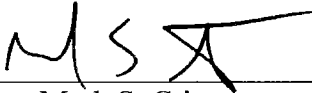
Rep. Jason Chaffetz



Rep. Wm. Lacy Clay



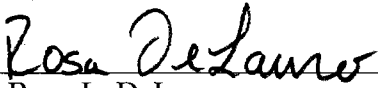
Rep. Gerald E. Connolly



Rep. Mark S. Critz



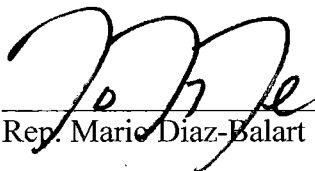
Rep. Geoff Davis



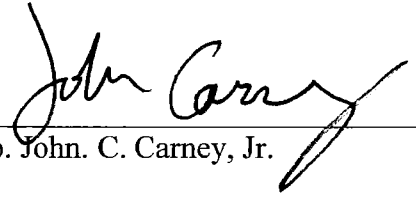
Rep. Rosa L. DeLauro



Rep. Mo Brooks



Rep. Mario Diaz-Balart



Rep. John. C. Carney, Jr.



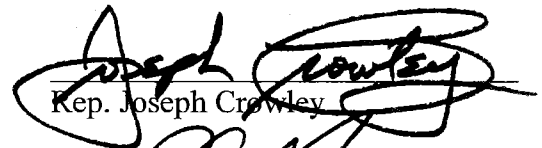
Rep. Ben Chandler



Rep. Emanuel Cleaver



Rep. Joe Courtney



Rep. Joseph Crowley



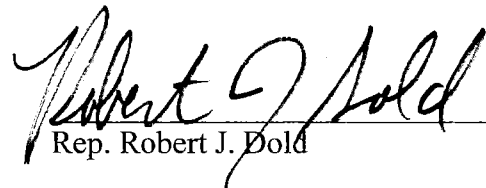
Rep. Peter A. DeFazio



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Rep. Paul C. Broun

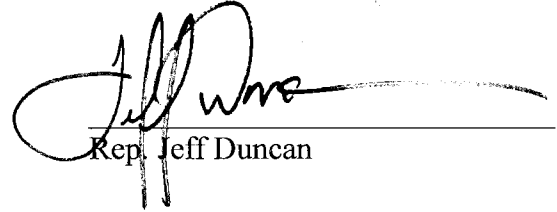


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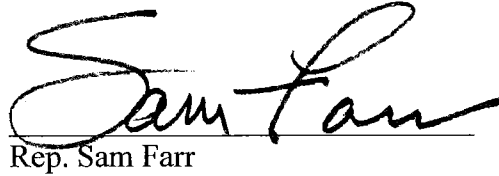
  
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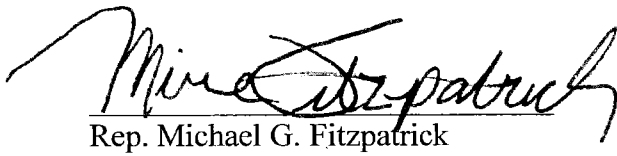
  
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Rep. Keith Ellison

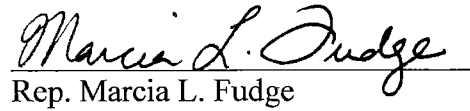
  
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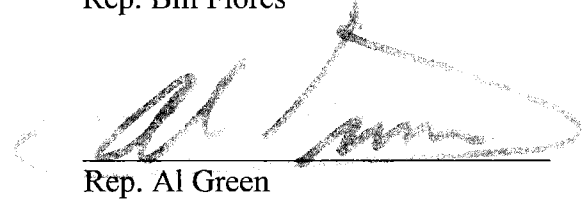
  
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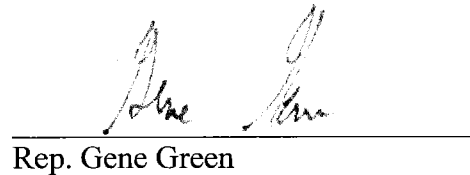
  
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Rep. Bill Flores

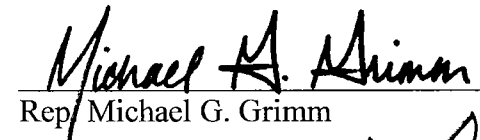
  
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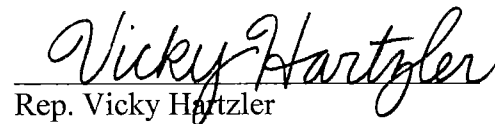
  
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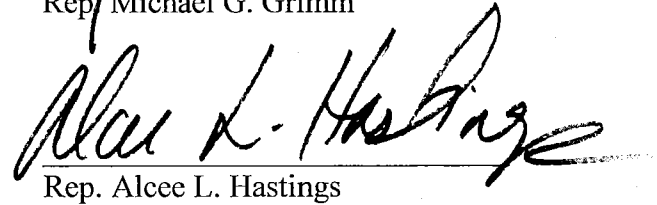
  
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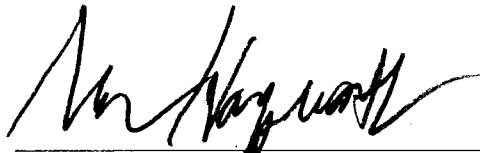
  
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Rep. Nan A. S. Hayworth

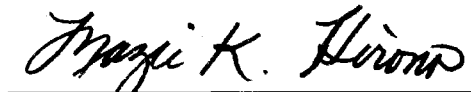
  
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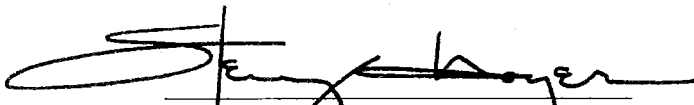
  
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Rep. Brian Higgins

  
Rep. Rubén Hinojosa

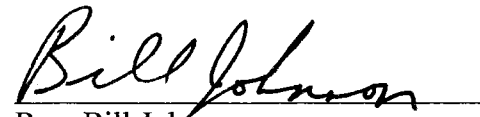
  
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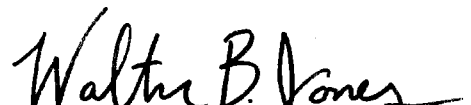
  
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Rep. Steny H. Hoyer

  
Rep. Duncan Hunter

  
Rep. Lynn Jenkins

  
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Rep. Walter B. Jones

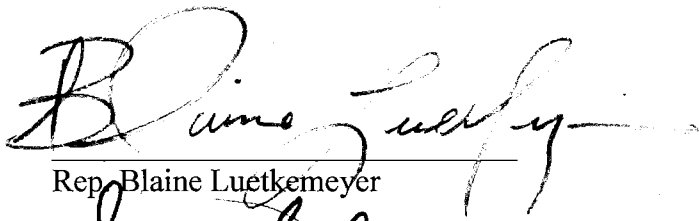
  
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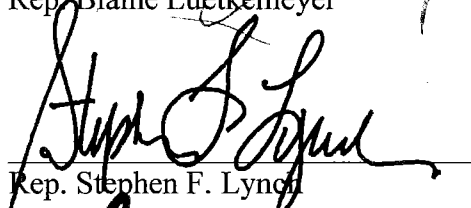
  
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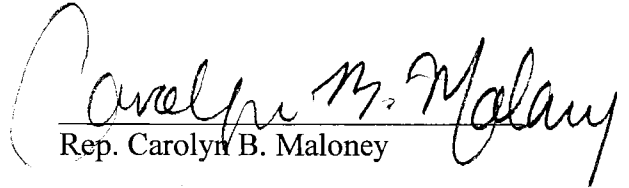
  
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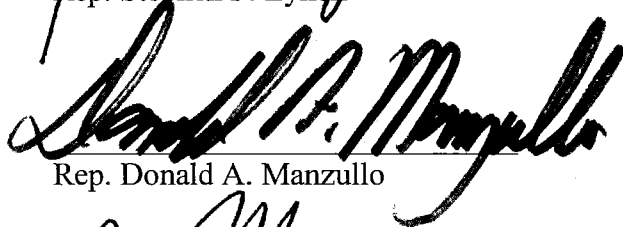
  
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Rep. Blaine Luetkemeyer

  
Rep. Cynthia M. Lummis

  
Rep. Stephen F. Lynch

  
Rep. Carolyn B. Maloney

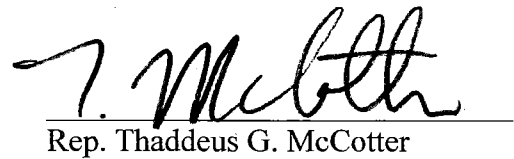
  
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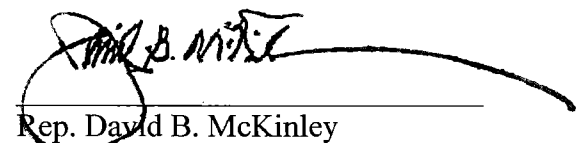
  
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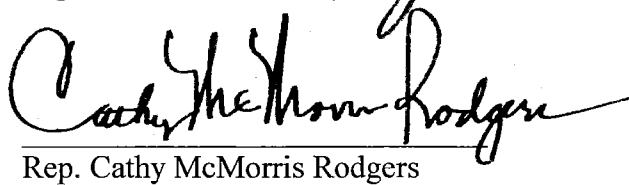
  
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Rep. Betty McCollum

  
Rep. Thaddeus G. McCotter

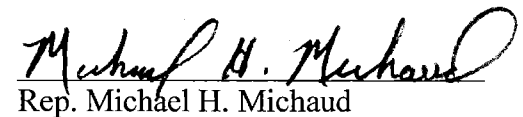
  
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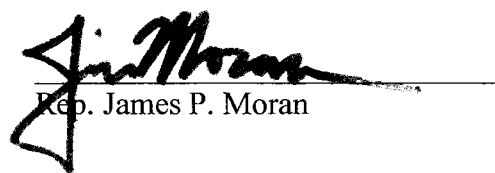
  
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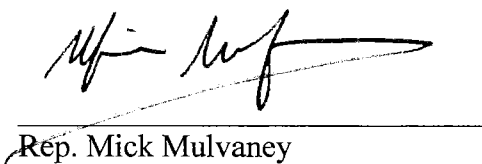
  
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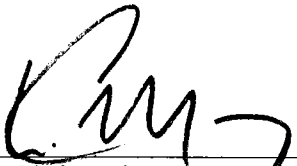
  
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Rep. Gregory W. Meeks

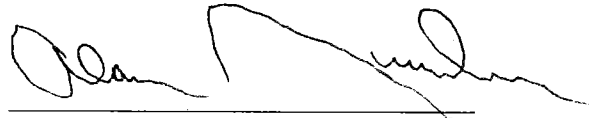
  
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Rep. James P. Moran

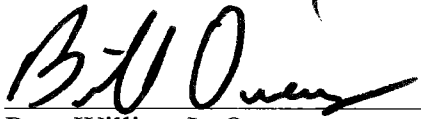
  
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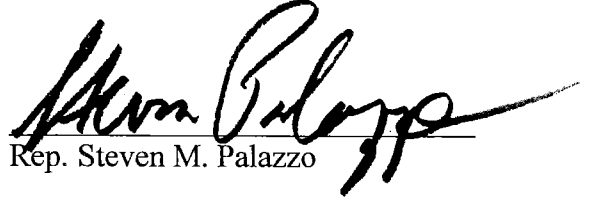
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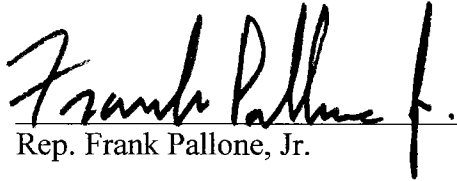
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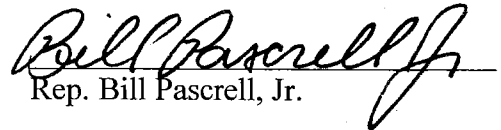
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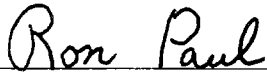
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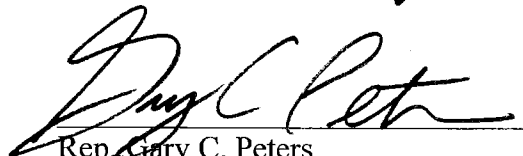
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Rep. Bill Pascrell, Jr.



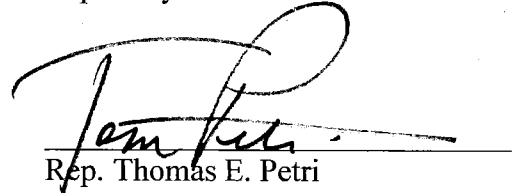
Rep. Ron Paul




Rep. Gary C. Peters



Rep. Collin C. Peterson



Rep. Thomas E. Petri



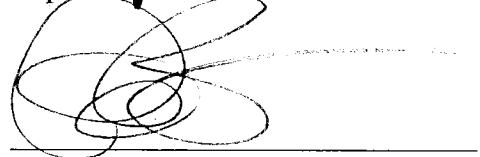
Rep. Chellie Pingree



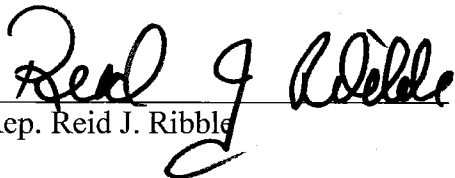
Rep. Joseph R. Pitts



Rep. Ted Poe



Rep. James B. Renacci



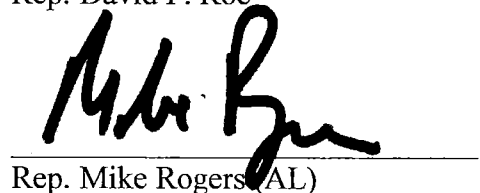
Rep. Reid J. Ribble



Rep. David P. Roe



Rep. Harold Rogers



Rep. Mike Rogers (AL)



*Ileana Ros-Lehtinen*

Rep. Ileana Ros-Lehtinen

*D.A. Ross*

Rep. Dennis A. Ross

*Steve Rothman*

Rep. Steven R. Rothman

*Lucille Roybal-Allard*

Rep. Lucille Roybal-Allard

*Ed Royce*

Rep. Edward R. Royce

*Jon Ruyhan*

Rep. Jon Ruyhan

*Allyson Y. Schwartz*

Rep. Allyson Y. Schwartz

*David Schweikert*

Rep. David Schweikert

*David Scott*

Rep. David Scott

*Tim Scott*

Rep. Tim Scott

*Pete Sessions*

Rep. Pete Sessions

*Louise McIntosh Slaughter*

Rep. Louise McIntosh Slaughter

*Chris Smith*

Rep. Christopher H. Smith

*Steve Stivers*

Rep. Steve Stivers

*Betty Sutton*

Rep. Betty Sutton

*Lee Terry*

Rep. Lee Terry

*Pat Tiberi*

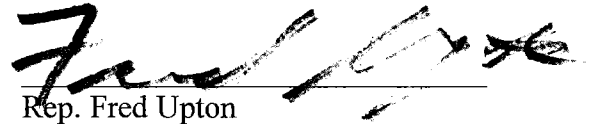
Rep. Patrick J. Tiberi

*John F. Tierney*


Rep. John F. Tierney




Rep. Michael R. Turner



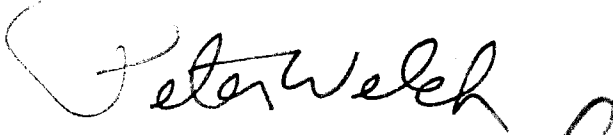
Rep. Fred Upton



Rep. Maxine Waters



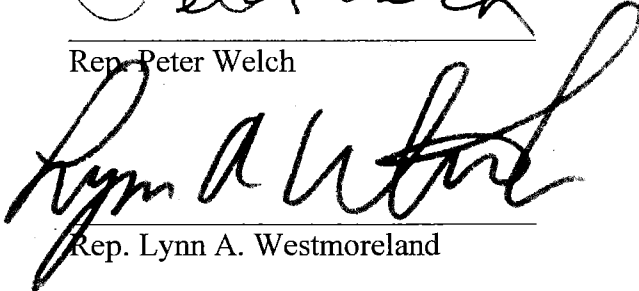
Rep. Henry A. Waxman



Rep. Peter Welch



Rep. Allen B. West



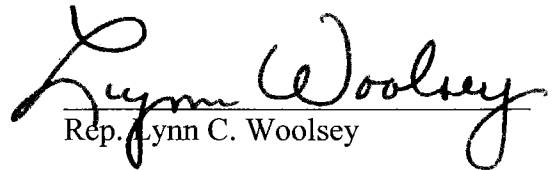
Rep. Lynn A. Westmoreland



Rep. Ed Whitfield



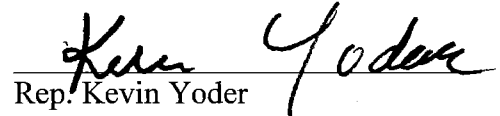
Rep. Frank R. Wolf



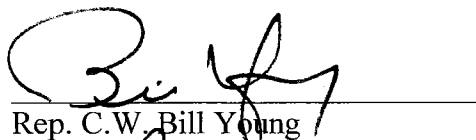
Rep. Lynn C. Woolsey



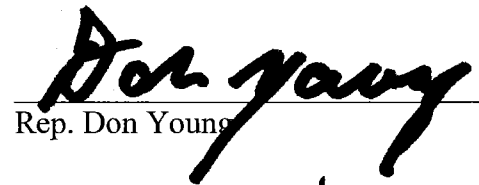
Rep. John A. Yarmuth



Rep. Kevin Yoder



Rep. C.W. Bill Young



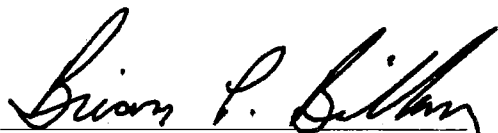
Rep. Don Young



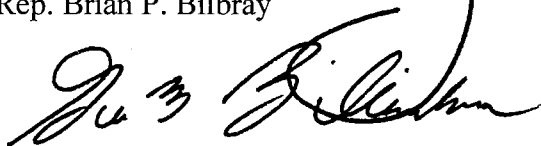
Rep. Sam Graves



Rep. Brett Guthrie



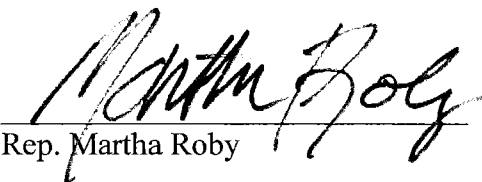
Rep. Brian P. Bilbray



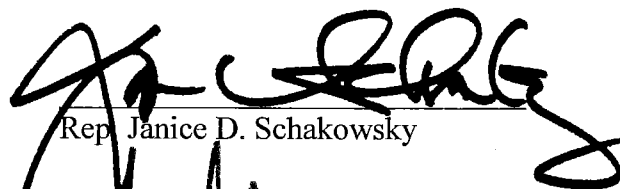
Rep. Gus M. Bilirakis



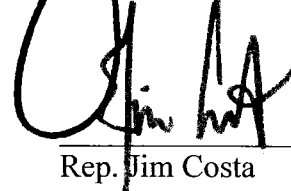
Rep. Michael M. Honda



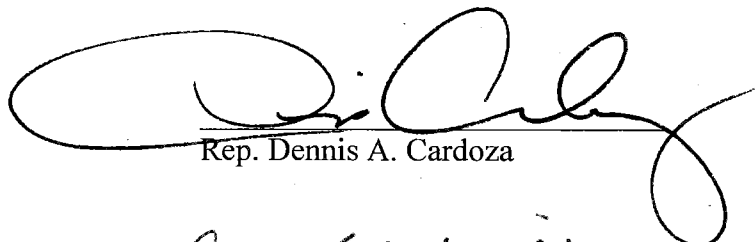
Rep. Martha Roby



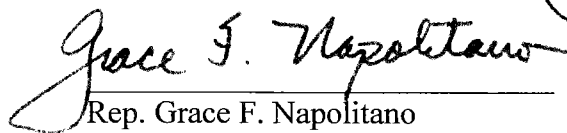
Rep. Janice D. Schakowsky



Rep. Jim Costa



Rep. Dennis A. Cardoza



Rep. Grace F. Napolitano