

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
20th 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, 4th 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.

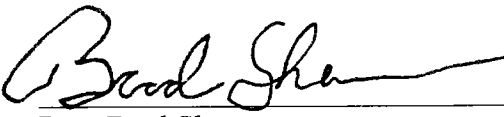
The proposal to require a minimum 20 percent down payment requirement under the QRM definition would reduce the availability of affordable mortgage capital for otherwise qualified consumers. In fact, in 2009 when underwriting standards had already been significantly tightened, the majority of homes were 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.

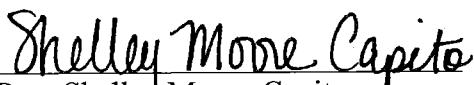
Other overly proscriptive elements of the proposal regarding credit history are best left in the context of establishing broad underwriting standards and principles. We are concerned, for example, that the proposed regulation establishes overly-narrow debt-to-income guidelines last seen more than a generation 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.

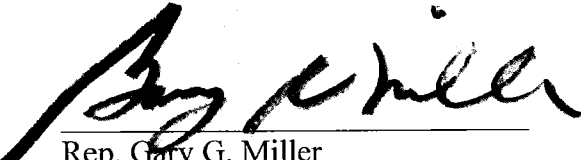
Sincerely,


Rep. John Campbell

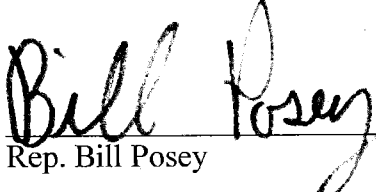

Rep. Brad Sherman

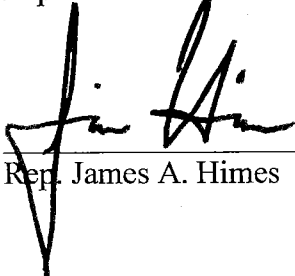

Rep. Shelley Moore Capito

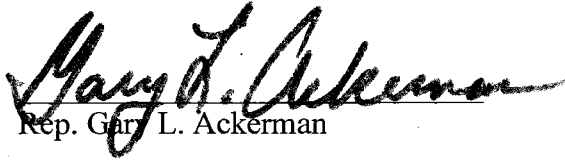

Rep. Ed Perlmutter



Rep. Gary G. Miller

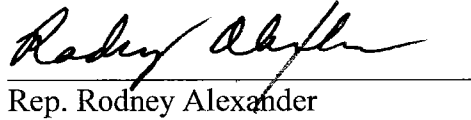

Rep. Gwen Moore


Rep. Bill Posey

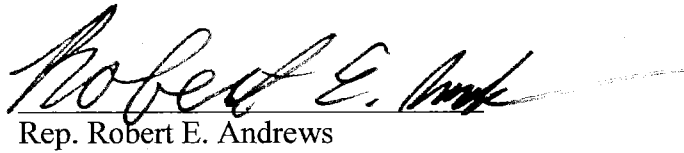

Rep. James A. Himes


Rep. Gary L. Ackerman

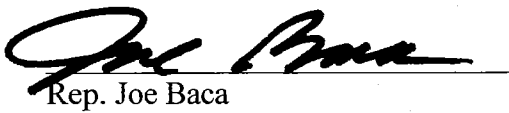

Rep. Robert B. Aderholt


Rep. Rodney Alexander

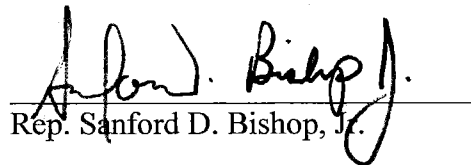

Rep. Jason Altmire

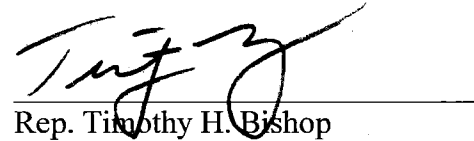

Rep. Robert E. Andrews



Rep. Steve Austria

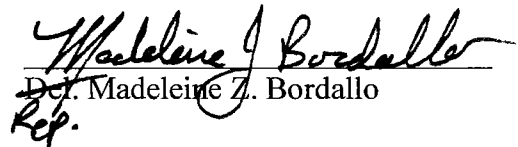

Rep. Joe Baca

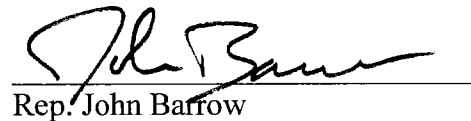

Rep. Charles F. Bass

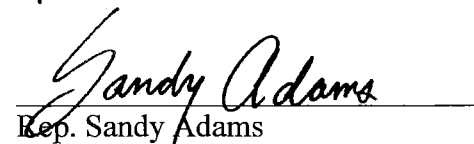

Rep. Sanford D. Bishop, Jr.

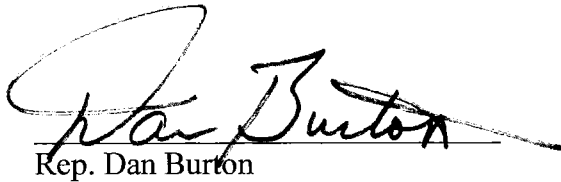

Rep. Timothy H. Bishop


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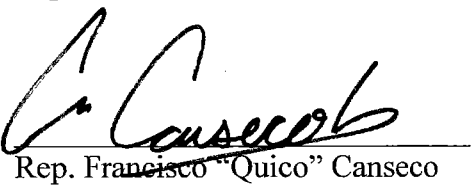

Rep. Madeleine Z. Bordallo


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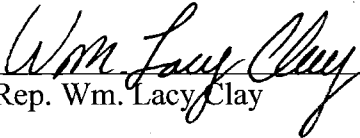

Rep. Lois Capps



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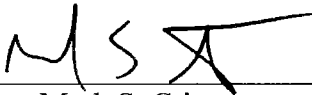
Rep. Jason Chaffetz



Rep. Wm. Lacy Clay



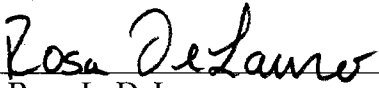
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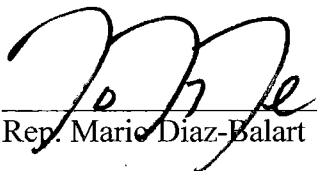
Rep. Geoff Davis



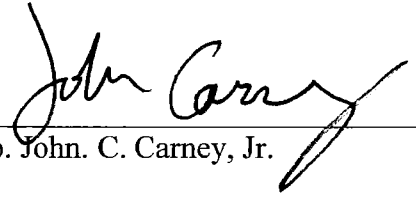
Rep. Rosa L. DeLauro



Rep. Mo Brooks



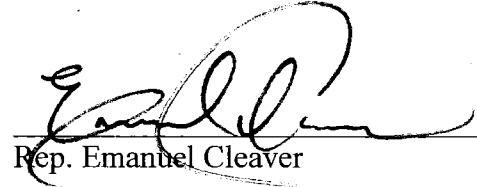
Rep. Mario Diaz-Balart



Rep. John. C. Carney, Jr.



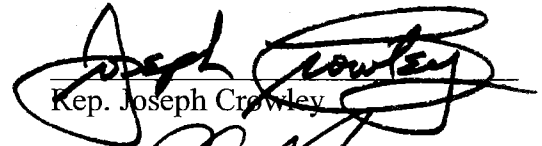
Rep. Ben Chandler



Rep. Emanuel Cleaver



Rep. Joe Courtney



Rep. Joseph Crowley



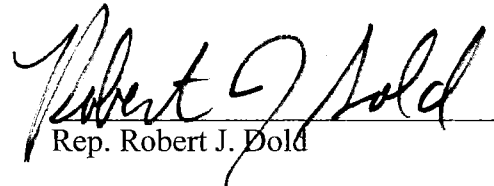
Rep. Peter A. DeFazio



Rep. Ted Deutch



Rep. Paul C. Broun

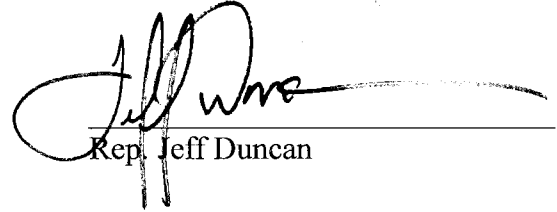


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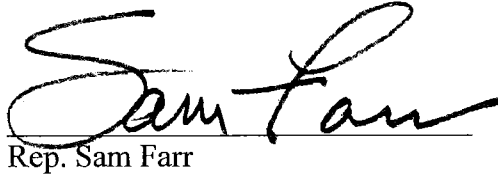

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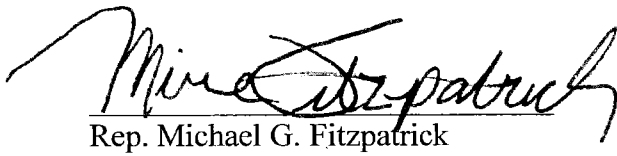

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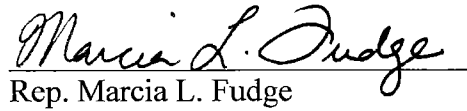

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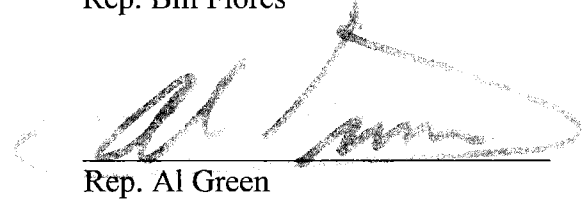

Rep. Sam Farr

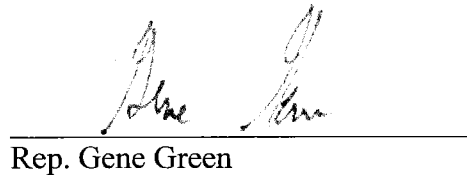

Rep. Stephen Lee Fincher


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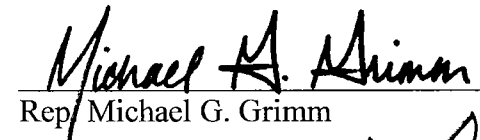

Rep. Marcia L. Fudge

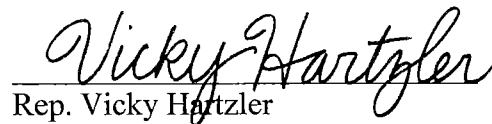

Rep. Al Green

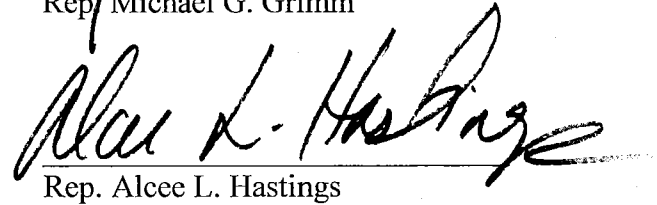

Rep. Gene Green

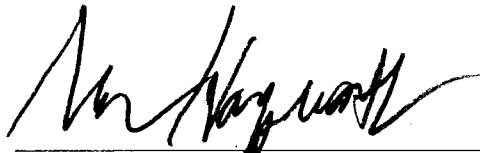

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Rep. Nan A. S. Hayworth

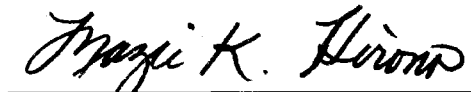

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Rep. Jaime Herrera Beutler

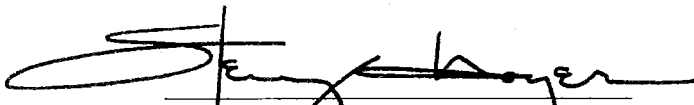

Rep. Maurice D. Hinchey


Rep. Brian Higgins


Rep. Rubén Hinojosa

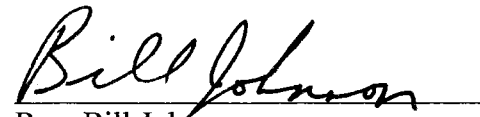

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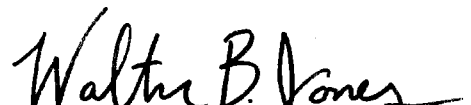

Rep. Rush Holt


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Rep. Duncan Hunter


Rep. Lynn Jenkins


Rep. Bill Johnson



Rep. Walter B. Jones

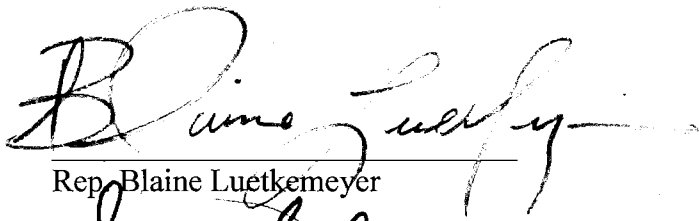

Rep. Peter T. King


Rep. Adam Kinzinger

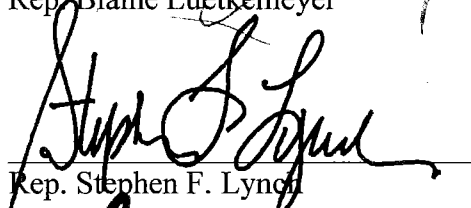

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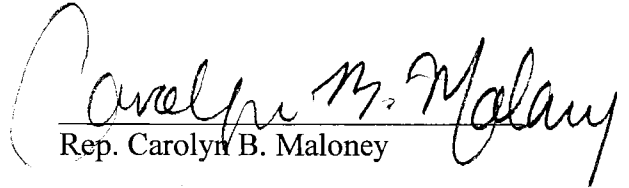

Rep. Daniel Lipinski

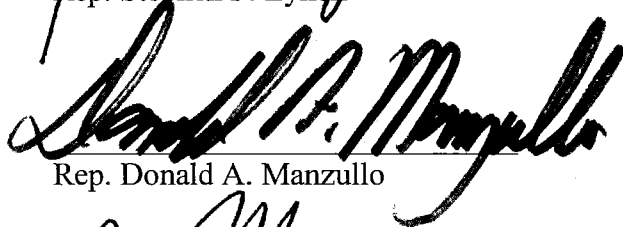

Rep. Zoe Lofgren


Rep. Blaine Luetkemeyer


Rep. Cynthia M. Lummis


Rep. Stephen F. Lynch


Rep. Carolyn B. Maloney

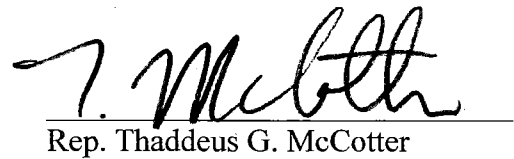

Rep. Donald A. Manzullo


Rep. Kenny Marchant

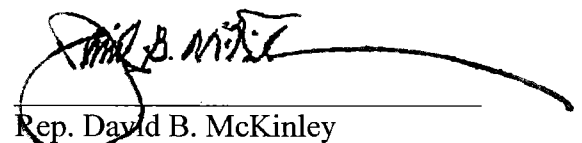

Rep. Jim Matheson

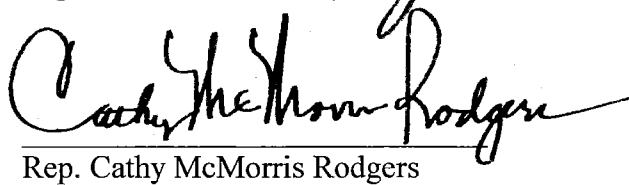

Rep. Carolyn McCarthy


Rep. Betty McCollum


Rep. Thaddeus G. McCotter

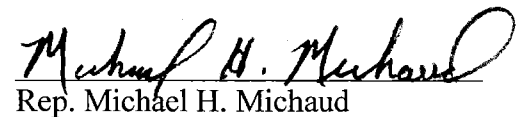

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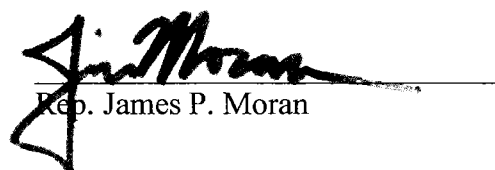

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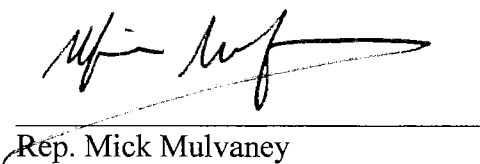

Rep. Cathy McMorris Rodgers

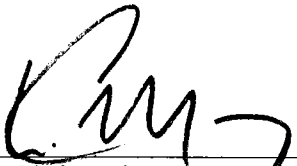

Rep. Patrick Meehan


Rep. Gregory W. Meeks

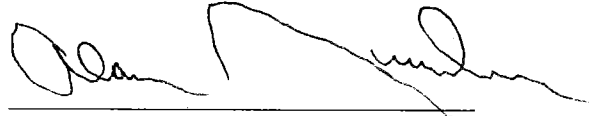

Rep. Michael H. Michaud


Rep. James P. Moran

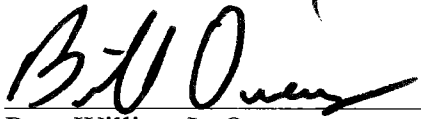

Rep. Mick Mulvaney



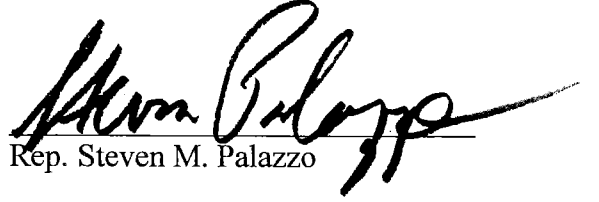
Rep. Christopher S. Murphy



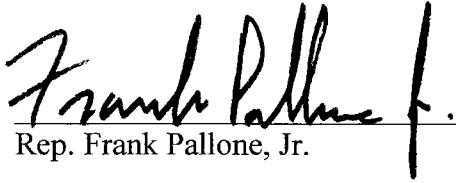
Rep. Alan Nunnelee



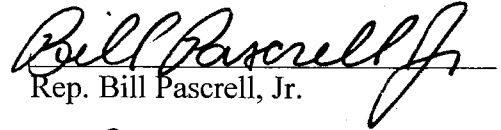
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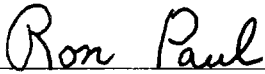
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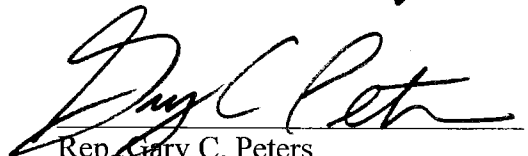
Rep. Frank Pallone, Jr.



Rep. Bill Pascrell, Jr.



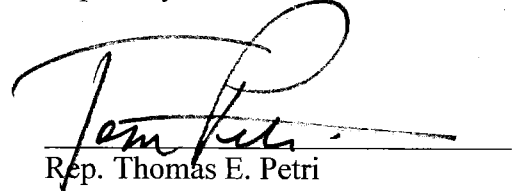
Rep. Ron Paul



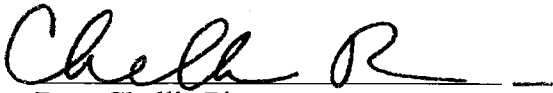
Rep. Gary C. Peters



Rep. Collin C. Peterson



Rep. Thomas E. Petri



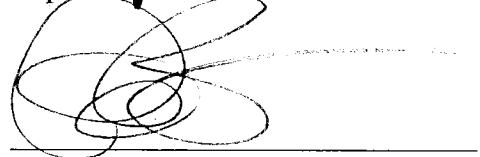
Rep. Chellie Pingree



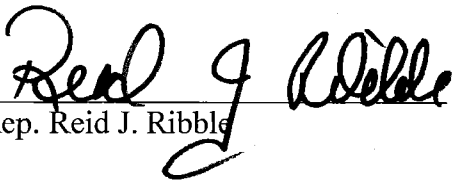
Rep. Joseph R. Pitts



Rep. Ted Poe



Rep. James B. Renacci



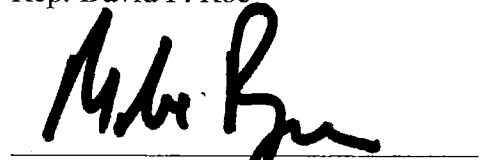
Rep. Reid J. Ribble



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

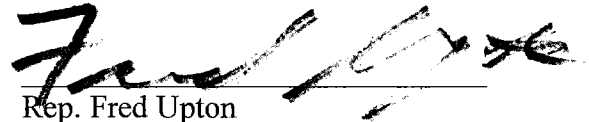
Rep. Patrick J. Tiberi

John F. Tierney


Rep. John F. Tierney




Rep. Michael R. Turner



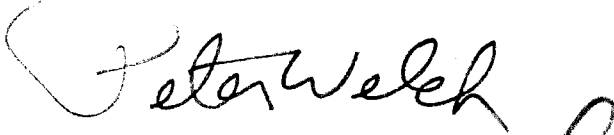
Rep. Fred Upton



Rep. Maxine Waters



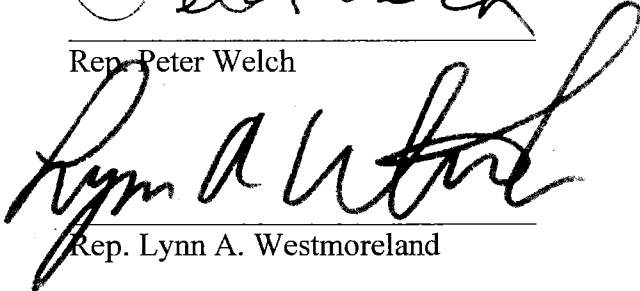
Rep. Henry A. Waxman



Rep. Peter Welch



Rep. Allen B. West



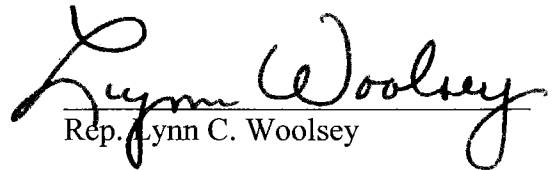
Rep. Lynn A. Westmoreland



Rep. Ed Whitfield



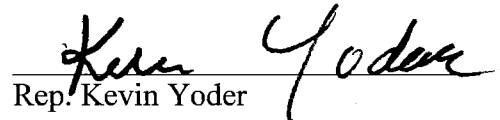
Rep. Frank R. Wolf



Rep. Lynn C. Woolsey



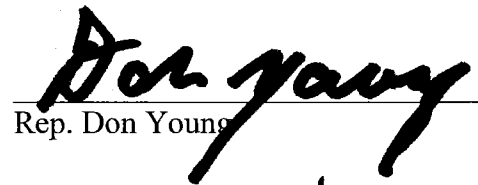
Rep. John A. Yarmuth



Rep. Kevin Yoder



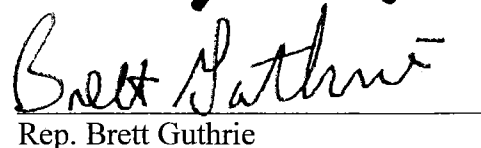
Rep. C.W. Bill Young



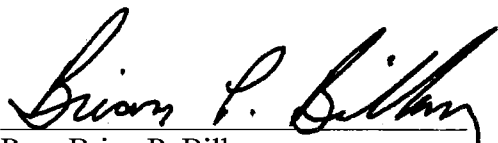
Rep. Don Young



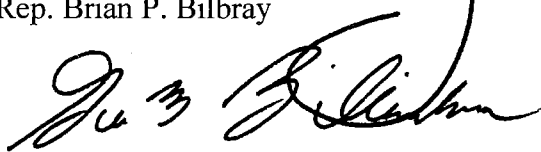
Rep. Sam Graves



Rep. Brett Guthrie



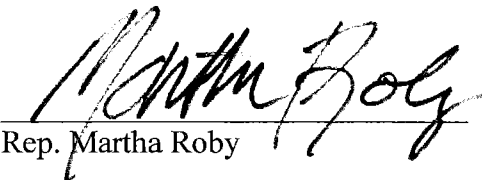
Rep. Brian P. Bilbray



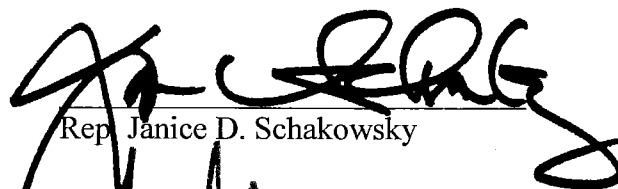
Rep. Gus M. Bilirakis



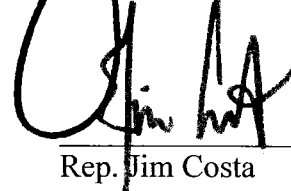
Rep. Michael M. Honda



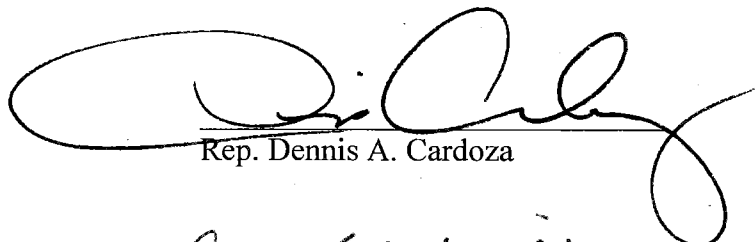
Rep. Martha Roby



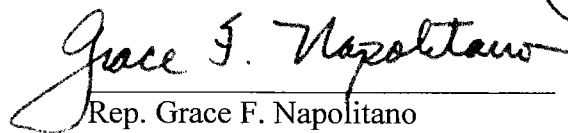
Rep. Janice D. Schakowsky



Rep. Jim Costa



Rep. Dennis A. Cardoza



Rep. Grace F. Napolitano