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June 23, 2011

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The Honorable Sheila C. Bair
Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429-0002

Dear Chairman Bair:

I am writing to express my concern with the qualified residential mortgage (QRM) regulations currently proposed as part of the implementation of the Dodd- Frank Act. I believe this rule, intended to implement a risk retention exemption, will be overly burdensome to average American households. It is my understanding that the existing QRM proposal will have a severely negative impact on the ability of families in Alaska to own a home. As it stands, the QRM will unfortunately reduce the availability of affordable mortgage capital for these otherwise creditworthy consumers. I appreciate the extension of the public comment period to August 1, 2011, and I urge the reconsideration of this regulation before it is implemented.

Dodd- Frank requires the QRM definition to be based on "underwriting and product features that historical loan performance data indicate result in lower risk of default." Dodd- Frank also provides clear guidance on the types of factors to be used, including documentation of income and assets, debt-to-income ratios, residual income standards, balloon payments, prepayment penalties, and mortgage insurance on low down payments. This guidance recognizes the fact that weak underwriting and toxic mortgages are the main cause of mortgage defaults, not well-underwritten mortgages with affordable down payments.

The proposed regulation appears to go far beyond the intent and language of the statute by imposing onerous down payment restrictions that will place the ability to purchase a home out of reach for many Alaskan families. These restrictions narrow the QRM definition, will unnecessarily increase consumer costs, and reduce access to affordable credit. The proposed regulation also creates overly stringent debt-to-income guidelines that would further reduce access to credit for a broad range of Americans. This regulation will further polarize the already struggling housing market; hindering economic growth and punishing our nation's middle class.

I understand the intent of the new regulations, however I believe that the extensive additional requirements for QRMs in the proposed rule will swing the pendulum too far and will have substantial and detrimental consequences to the economic health of my home state of Alaska. As a result, many of my constituents will either be forced to pay much higher rates and fees for safe loans that are deemed "unacceptable" by the extremely narrow QRM criteria, or in

many cases not be able to get a mortgage at all. Neither situation is sufficient for the sustained viability of Alaskan households, and our nation's economy.

I ask that you reconsider the definition of the QRM regulations as laid forth in Dodd-Frank. I appreciate your time and attention and look forward to your response.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa Murkowski". The signature is fluid and cursive, with a large initial "L" and "M".

Lisa Murkowski
United States Senator