

TIM HUELSKAMP  
1ST DISTRICT, KANSAS

E-MAIL VIA WEBSITE:  
<http://huelskamp.house.gov/>

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-1601**

AGRICULTURE COMMITTEE  
SUBCOMMITTEE ON  
GENERAL FARM COMMODITIES AND  
RISK MANAGEMENT  
SUBCOMMITTEE ON  
CONSERVATION, ENERGY, AND FORESTRY  
SUBCOMMITTEE ON  
LIVESTOCK, DAIRY, AND POULTRY  
BUDGET COMMITTEE  
VETERANS' AFFAIRS COMMITTEE  
SUBCOMMITTEE ON  
ECONOMIC OPPORTUNITIES

June 3, 2011

The Honorable Secretary Shaun Donovan  
Secretary  
U.S. Department of Housing and Urban Development  
451 7th Street Southwest  
Washington D.C., DC 20410-0002

Dear Secretary Donovan,

I am writing concerning your notice of proposed rulemaking 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. I strongly urge you to consider lower down payment loans that have mortgage insurance (MI) as constituting a QRM.

Section 941 specifically names "mortgage guarantee insurance" as one of the factors to be included in the Qualified Residential Mortgages (QRM) definition. Yet, the notice of proposed rule-making may exclude mortgage insurance as a factor in exempting loans from Dodd-Frank's risk retention requirements.

Research has shown that a 5 percent down payment coupled with strict underwriting and documentation and a mortgage insurance (MI) policy is sufficient to guard against mortgage default. Mortgage insurers actually provide additional scrutiny to a loan application which helps safeguard lenders and investors while allowing qualified families to buy homes. An unnecessarily restrictive rule would price otherwise credit worthy home buyers out of the market.

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 customers. The adoption of the current rule could be extremely damaging to the housing market. It would make it particularly difficult for the nearly 60 percent of home buyers in the United States who are not able to come up with a 20 percent down payment on a home purchase. In fact, a survey conducted by the National Association of Realtors in 2010 found that 86 percent of first-time home buyers purchased their homes with less than a 20 percent down payment.

WASHINGTON, DC:  
126 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
(202) 225-2715  
FAX: (202) 225-5124

DODGE CITY:  
100 MILITARY AVENUE, SUITE 204  
P.O. Box 999  
DODGE CITY, KS 67801  
(620) 225-0172  
FAX: (620) 225-0297

HUTCHINSON:  
ONE NORTH MAIN, SUITE 525  
P.O. Box 1244  
HUTCHINSON, KS 67504  
(620) 665-6138  
FAX: (620) 665-6360

SALINA:  
119 WEST IRON AVENUE, 4TH FLOOR, SUITE A  
P.O. Box 766  
SALINA, KS 67402  
(785) 309-0572  
FAX: (785) 827-6957

Other overly proscriptive elements of the proposal regarding credit history are best left in the context of establishing broad underwriting standards and principles. For example, 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, it 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 the mortgage market and we should not institute policies that could exacerbate the problem.

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. Thank you for your consideration. I look forward to your response.

Sincerely,

A handwritten signature in black ink that reads "Tim Huelskamp". The signature is written in a cursive, slightly slanted style.

Tim Huelskamp  
Member of Congress