



*Delivery via E-mail*

October 30, 2013

Legislative and Regulatory Activities Division  
Office of the Comptroller of the Currency  
400 7<sup>th</sup> Street SW  
Washington, D.C. 20219

Mr. Alfred Pollard, General Counsel  
Federal Housing Finance Agency  
400 7<sup>th</sup> Street SW  
Washington, D.C. 20024

Mr. Robert deV. Frierson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, D.C. 20051

Regulations, Office of General Counsel  
Department of Housing & Urban Dev.  
451 7<sup>th</sup> Street SW  
Washington, D.C. 20410

Mr. Robert E. Feldman, Executive Secretary  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street NW  
Washington, D.C. 20429

Ms. Elizabeth Murphy, Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549

Re: Credit Risk-Retention Requirements (Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act); particularly as to the proposed definition of Qualified Residential Mortgage (QRM)

Dear Ladies and Gentlemen:

On behalf of Wisconsin's credit unions and their 2.4 million members, the Wisconsin Credit Union League welcomes the opportunity to provide the following comments regarding the proposed definition of Qualified Residential Mortgage (QRM) in the Interagency Credit Risk Retention Proposal. We continue to be very concerned about the unintended consequences that the proposed rule may have on all credit unions and their members.

Let us say first that we generally support Congress's efforts, through the Dodd-Frank Act, to encourage more principled underwriting that assumes responsibility for the quality of mortgage loans. This is why Congress directed a rule that rewards principled lenders, such as credit unions, and penalizes bad lending—one that balances the need for appropriate credit standards against the need for credit access that will help get our country out of its economic doldrums.

N25 W23131 Paul Road Pewaukee, Wisconsin 53072-5779

Phone: (262) 549-0200 or (800) 242-0833 Fax: (262) 549-7722 Web: [www.theleague.coop](http://www.theleague.coop)

Member Credit Union National Association

So though we also support several of the provisions of this proposed rule, we are also concerned that it may raise unnecessary barriers for creditworthy borrowers who want to buy houses and help restore our tattered economy.

Here, then, are our comments:

- We support the proposed QRM definition, which now aligns with the CFPB's qualified mortgage (QM) definition. Conformity of definitions among regulations addressing the same business activities makes the understanding and interpretation of those regulations both easier and more likely, while at the same time reducing the cost and other burdens of compliance. The proposed definition encourages responsible lending by excluding loans with risky features such as negative amortization and interest only payments.

Moreover, the aligned definition includes more types of loans that are eligible to be QRMs—closed-end loans secured by any dwelling and not just principal dwellings. This expansion of the types of loans that can be QRMs has the potential to benefit both creditors and lenders.

- However, we are concerned about the potential for a trickle-down of requirements to all mortgages. We believe there is a real threat of examiners insisting on credit unions writing only QM and QRM qualified mortgages, so we urge the agencies to ensure that the QRM concept is prudent without unnecessarily forcing credit-worthy consumers to delay homeownership or otherwise be denied access to credit.
- We also continue to oppose the requirement for a QM or QRM to have a 43% debt-to-income cap on all borrowers. We believe this overly restrictive cap will mean that borrowers who have an actual ability to repay a mortgage loan will not be able to get one or will have to pay higher rates to do so. We believe a DTI cap at this level is unfair to many would-be homeowners and will cause an unnecessary drag on our recovering economy.
- We strongly oppose the proposed QM-Plus definition, which brings stringent down payments (30% LTV), as well as other requirements, back into the equation—serving to exclude otherwise qualified potential homeowners from attaining homeownership and in turn having a negative impact on our recovering economy. The impact of QM-Plus on Main Street Americans and their credit unions would be significant and negative. We urge the agencies to drop QM-Plus completely, but if you do not, then to modify it in a way that provides flexibility for “standard” federally-insured mortgage lenders and lessens the impact on everyday, hard-working, worthy homebuyers.

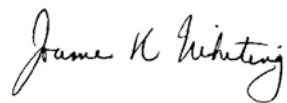
In conclusion, we commend the agencies for aligning the definitions of QM and QRM and including more types of loans in the definition of QRM. We urge that you address the concern that examiners may insist that credit unions write only QM/QRM compliant mortgages. And we ask that you remember Congress's mandate to improve access to credit on reasonable terms and make QRM loans

accessible to a broad range of borrowers without exclusions based on unduly restrictive criteria such as pre-determined DTI caps or hard-to-achieve down payment requirements.

Historically, credit unions are excellent and responsible lenders. This proposed rule, though improved over the April 2011 proposal, still contains provisions that threaten to restrict, unnecessarily and imprudently, their ability to help their members achieve the American dream.

Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Joanne R. Whiting". The signature is written in black ink and is positioned below the word "Sincerely,".

Joanne R. Whiting  
Executive Vice President and Chief Advocacy Officer  
The Wisconsin Credit Union League