

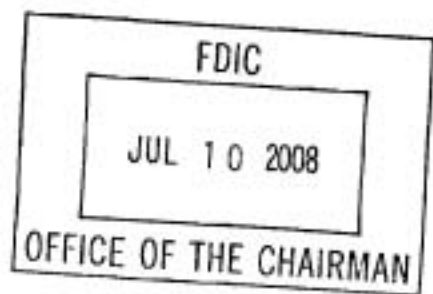


**Mortgage  
Insurance  
Companies  
of America**

Suzanne C. Hutchinson  
Executive Vice President

July 10, 2008

Hon. Sheila C. Bair  
Chairman  
Federal Deposit Insurance Corporation  
550 Seventeenth Street, NW - MB6028  
Washington, D.C. 20429



Dear Chairman Bair:

The Mortgage Insurance Companies of America (MICA) is keenly concerned with the pending FDIC action on covered bonds. We filed a formal comment on the interim final rule [73 Fed. Reg. 21949] urging the FDIC quickly to finalize a rule that enhances mortgage market liquidity without adding to the FDIC's risk in the event of a failed bank receivership. We are pleased that the Corporation will take up a final rule this Tuesday and appreciate your quick work on this critical issue.

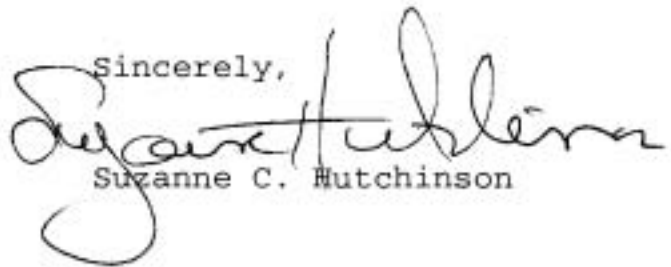
As you complete the new framework for U.S. covered bonds, MICA would like to highlight the role private mortgage insurers are prepared to play. As well capitalized, state-regulated providers of proven mortgage credit-risk mitigation, mortgage insurance will stand before the FDIC in the event a bank failure puts the FDIC at risk. Private mortgage insurance - not excess spread or other questionable fee-based credit enhancements - is what is proving the major bulwark of residential mortgage finance under the current crisis and it will do the same for the FDIC on covered bonds.

The interim final rule referenced coverage by recent guidance as a criterion for eligible mortgage collateral and MICA urges the Corporation to retain this eligibility requirement in the final rule. While it is

important to permit covered bonds to support market liquidity, loans originated before the nontraditional mortgage guidance in late 2006 are often very high risk structures made without documentation, related to simultaneous second liens and otherwise originated without appropriate underwriting or customer discipline. Banks - not the FDIC - should hold this risk even as covered bonds backed by new, more prudent mortgage help to resolve current market difficulties.

Again, thank you for your quick work on this important rule. Private mortgage insurance is a critical part of the solution to the crisis and we look forward to supporting the FDIC's urgent work in this area now and going forward.

Sincerely,

A handwritten signature in black ink, appearing to read "Suzanne C. Hutchinson". The signature is fluid and cursive, with a large initial "S" and a long, sweeping underline.

Suzanne C. Hutchinson