

# Congress of the United States

House of Representatives

Washington, DC 20515

RECEIVED  
ES 138832  
2011 JUN 29 AM 12:02

CHAIRMAN'S  
CORRESPONDENCE UNIT

June 17, 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  
20<sup>th</sup> 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, 4<sup>th</sup> 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.

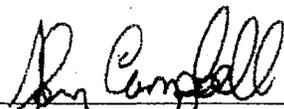
Section 941 of the Dodd-Frank Act specifically names "mortgage guarantee insurance" as one of the factors to be included in the QRM definition. The law recognizes that private capital does not exclusively come from a lender or an investor; it can be provided by a private mortgage insurer. The QRM regulations 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.

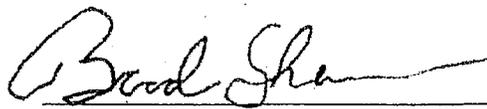
The proposal to require a minimum 20 percent down payment requirement under the QRM definition would reduce the availability of affordable mortgage capital for otherwise qualified consumers. In fact, in 2009 when underwriting standards had already been significantly tightened, the majority of homes were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

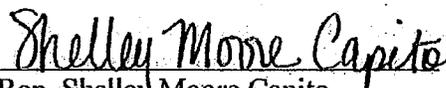
Other overly proscriptive elements of the proposal regarding credit history are best left in the context of establishing broad underwriting standards and principles. We are concerned, for example, that the proposed regulation establishes overly-narrow debt-to-income guidelines last seen more than a generation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

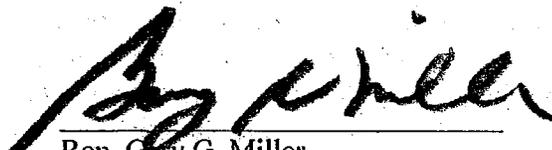
Sincerely,

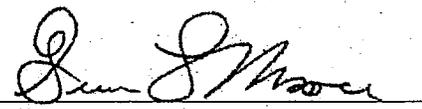
  
Rep. John Campbell

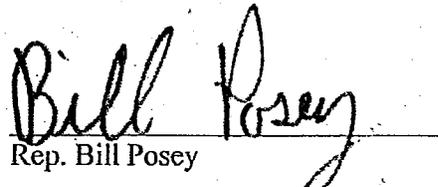
  
Rep. Brad Sherman

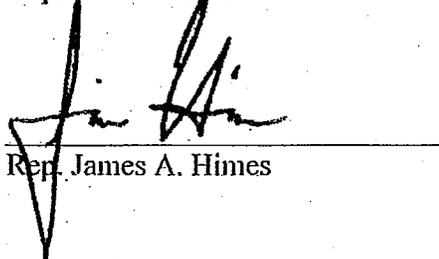
  
Rep. Shelley Moore Capito

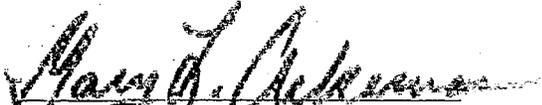
  
Rep. Ed Perlmutter

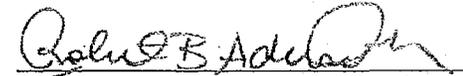
  
Rep. Gary G. Miller

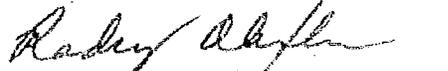
  
Rep. Gwen Moore

  
Rep. Bill Posey

  
Rep. James A. Himes

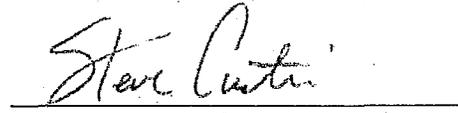
  
Rep. Gary L. Ackerman

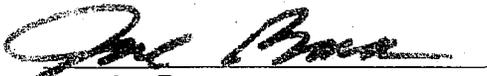
  
Rep. Robert B. Aderholt

  
Rep. Rodney Alexander

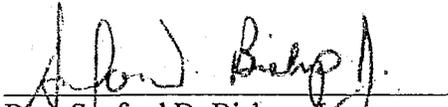
  
Rep. Jason Altmire

  
Rep. Robert E. Andrews

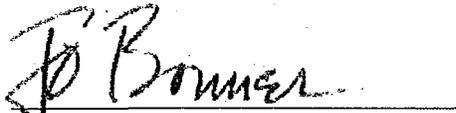
  
Rep. Steve Austria

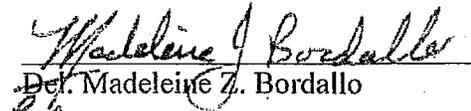
  
Rep. Joe Baca

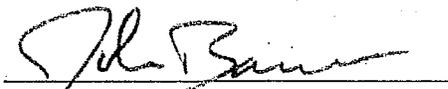
  
Rep. Charles F. Bass

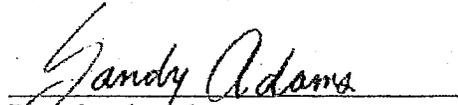
  
Rep. Sanford D. Bishop, Jr.

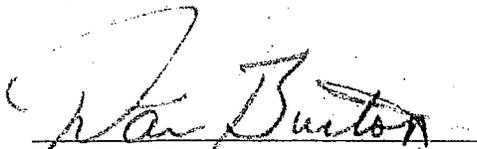
  
Rep. Timothy H. Bishop

  
Rep. Jo Bonner

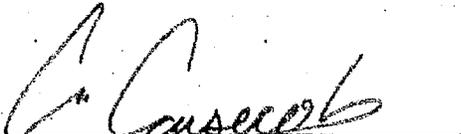
  
Rep. Madeleine Z. Bordallo

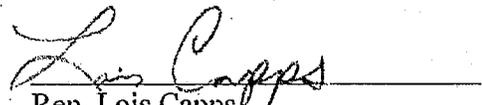
  
Rep. John Barrow

  
Rep. Sandy Adams

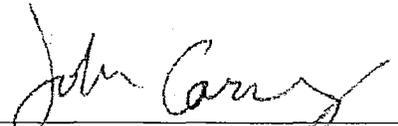
  
Rep. Dan Burton

  
Rep. Ken Calvert

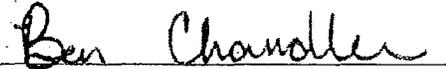
  
Rep. Francisco "Quico" Canseco

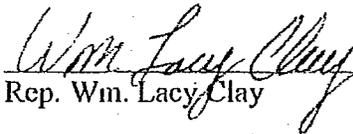
  
Rep. Lois Capps

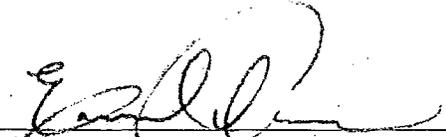
  
Rep. Russ Carnahan

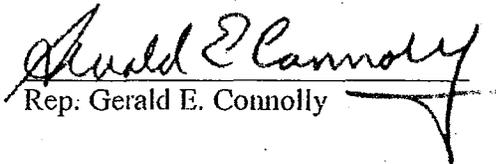
  
Rep. John C. Carney, Jr.

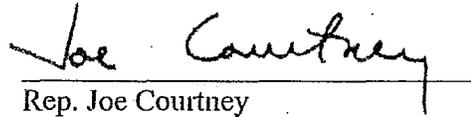
  
Rep. Jason Chaffetz

  
Rep. Ben Chandler

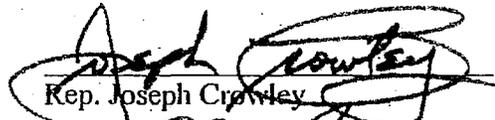
  
Rep. Wm. Lacy Clay

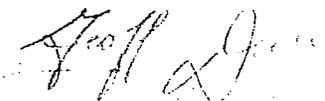
  
Rep. Emanuel Cleaver

  
Rep. Gerald E. Connolly

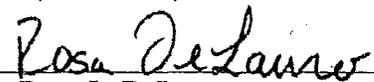
  
Rep. Joe Courtney

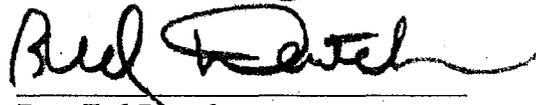
  
Rep. Mark S. Critz

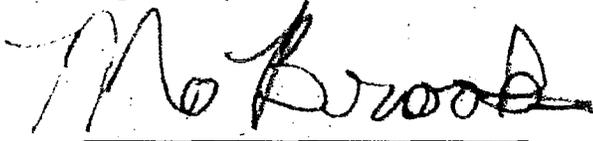
  
Rep. Joseph Crowley

  
Rep. Geoff Davis

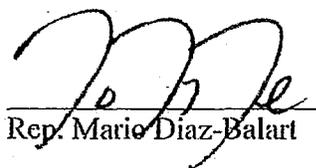
  
Rep. Peter A. DeFazio

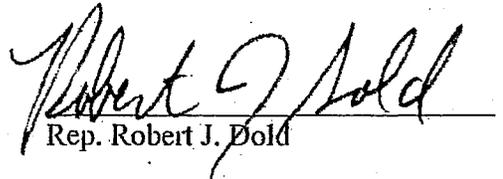
  
Rep. Rosa L. DeLauro

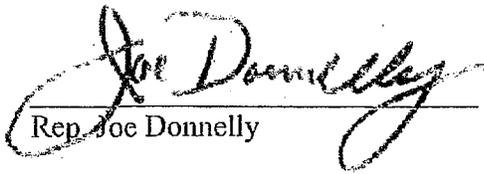
  
Rep. Ted Deutch

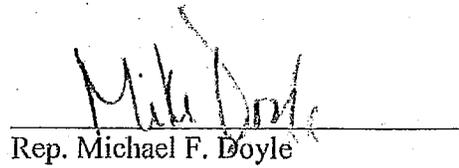
  
Rep. Mo Brooks

  
Rep. Paul C. Broun

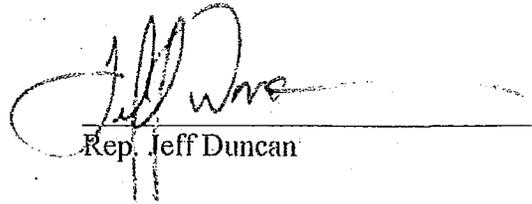
  
Rep. Mario Diaz-Balart

  
Rep. Robert J. Dold

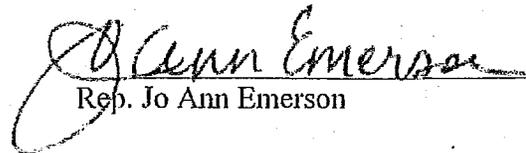
  
Rep. Joe Donnelly

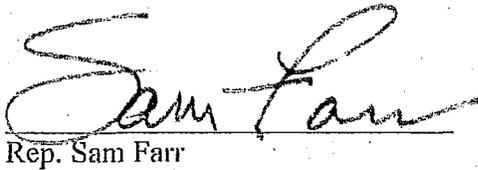
  
Rep. Michael F. Boyle

  
Rep. Sean P. Duffy

  
Rep. Jeff Duncan

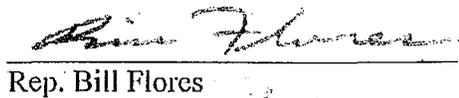
  
Rep. Keith Ellison

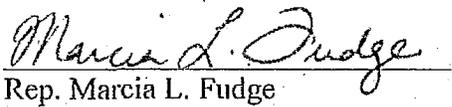
  
Rep. Jo Ann Emerson

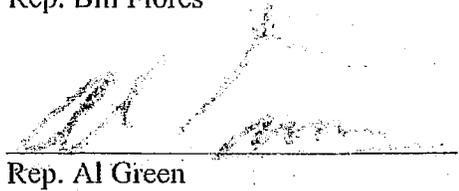
  
Rep. Sam Farr

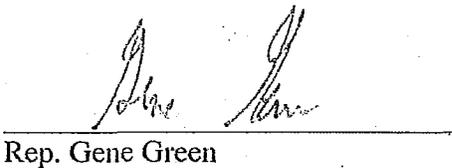
  
Rep. Stephen Lee Fincher

  
Rep. Michael G. Fitzpatrick

  
Rep. Bill Flores

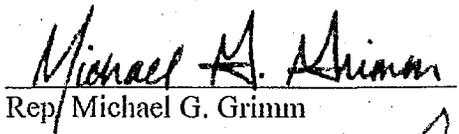
  
Rep. Marcia L. Fudge

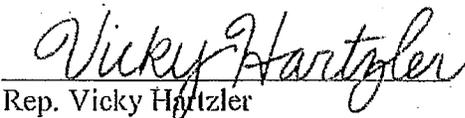
  
Rep. Al Green

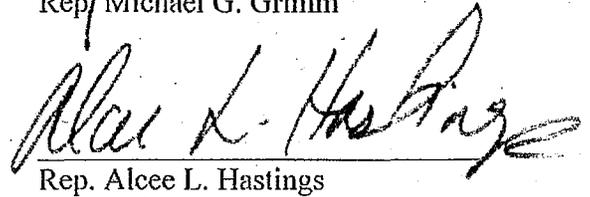
  
Rep. Gene Green

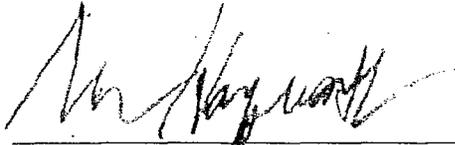
  
Rep. Jim Gerlach

  
Rep. Tim Griffin

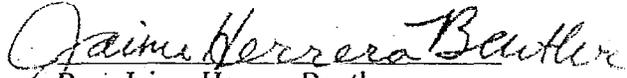
  
Rep. Michael G. Grimm

  
Rep. Vicky Hartzler

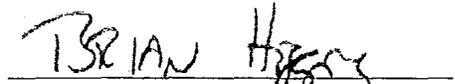
  
Rep. Alcee L. Hastings

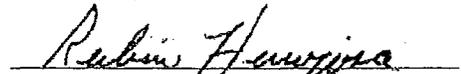
  
Rep. Nan A. S. Hayworth

  
Rep. Joseph J. Heck

  
Rep. Jaime Herrera Beutler

  
Rep. Maurice D. Hinchey

  
Rep. Brian Higgins

  
Rep. Rubén Hinojosa

  
Rep. Mazie K. Hirono

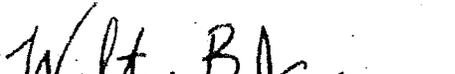
  
Rep. Rush Holt

  
Rep. Steny H. Hoyer

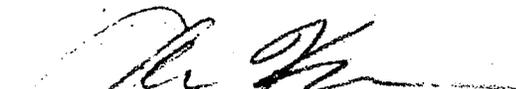
  
Rep. Duncan Hunter

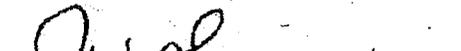
  
Rep. Lynn Jenkins

  
Rep. Bill Johnson

  
Rep. Walter B. Jones

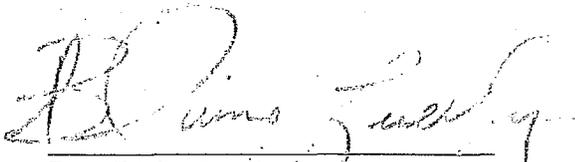
  
Rep. Peter T. King

  
Rep. Adam Kinzinger

  
Rep. James R. Langevin

  
Rep. Daniel Lipinski

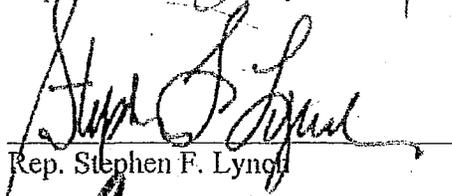
  
Rep. Zoe Lofgren



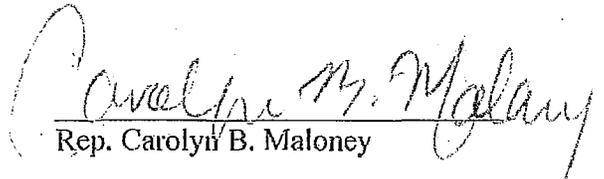
Rep. Blaine Luétkemeyer



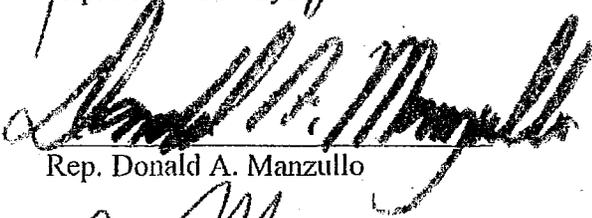
Rep. Cynthia M. Lummis



Rep. Stephen F. Lynch



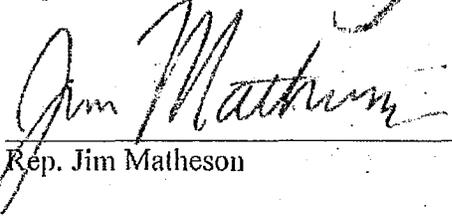
Rep. Carolyn B. Maloney



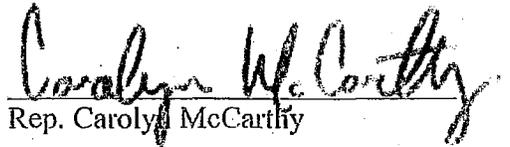
Rep. Donald A. Manzullo



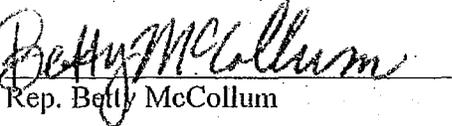
Rep. Kenny Marchant



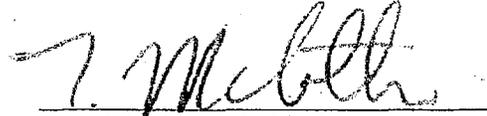
Rep. Jim Matheson



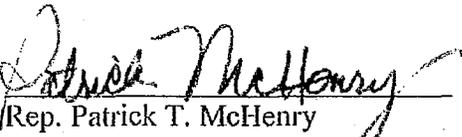
Rep. Carolyn McCarthy



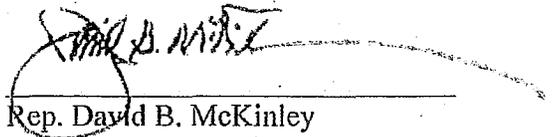
Rep. Betty McCollum



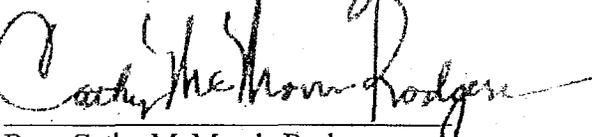
Rep. Thaddeus G. McCotter



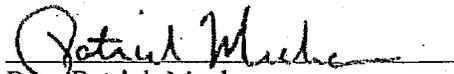
Rep. Patrick T. McHenry



Rep. David B. McKinley



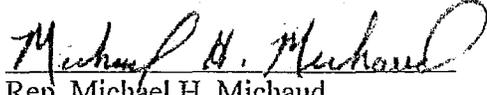
Rep. Cathy McMorris Rodgers



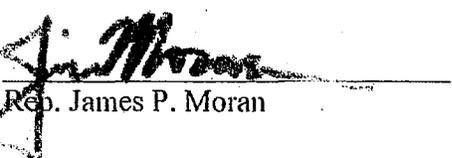
Rep. Patrick Meehan



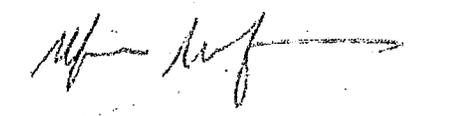
Rep. Gregory W. Meeks



Rep. Michael H. Michaud



Rep. James P. Moran



Rep. Mick Mulvaney

Rep. Christopher S. Murphy

Rep. Alan Nunnelee

Rep. William L. Owens

Rep. Steven M. Palazzo

Rep. Frank Pallone, Jr.

Rep. Bill Pascrell, Jr.

Rep. Ron Paul

Rep. Guty 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 Runyan*

Rep. Jon Runyan

*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

Mike R Turner  
Rep. Michael R. Turner

Fred Upton  
Rep. Fred Upton

Maxine Waters  
Rep. Maxine Waters

Henry A Waxman  
Rep. Henry A. Waxman

Peter Welch  
Rep. Peter Welch

Allen B. West  
Rep. Allen B. West

Lynn A Westmoreland  
Rep. Lynn A. Westmoreland

Ed Whitfield  
Rep. Ed Whitfield

Frank R Wolf  
Rep. Frank R. Wolf

Lynn C. Woolsey  
Rep. Lynn C. Woolsey

John A. Yarmuth  
Rep. John A. Yarmuth

Kevin Yoder  
Rep. Kevin Yoder

C. W. Bill Young  
Rep. C. W. Bill Young

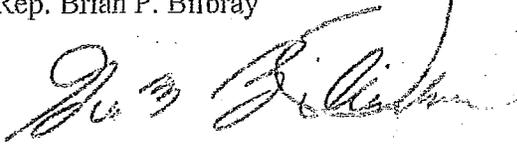
Don Young  
Rep. Don Young

Sam Graves  
Rep. Sam Graves

Brett Guthrie  
Rep. Brett Guthrie



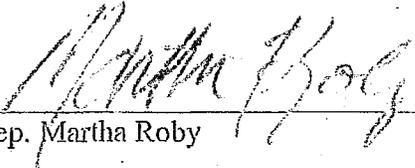
Rep. Brian P. Bilbray



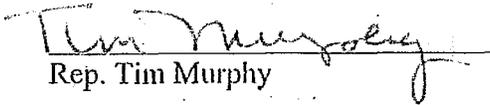
Rep. Gus M. Bilirakis



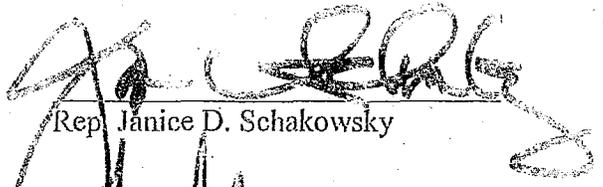
Rep. Michael M. Honda



Rep. Martha Roby



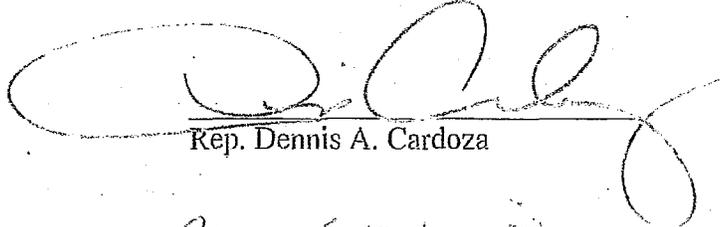
Rep. Tim Murphy



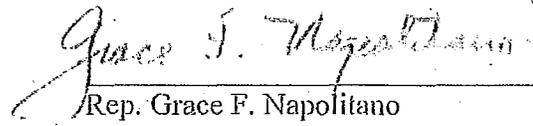
Rep. Janice D. Schakowsky



Rep. Jim Costa



Rep. Dennis A. Cardoza



Rep. Grace F. Napolitano

Joe Wilson

Rep. Joe Wilson

T. W. Akin

Rep. Todd W. Akin

Andre Carson

Rep. Andre Carson

Bill Huizenga

Rep. Bill Huizenga

Robert Hurt

Rep. Robert Hurt

Nick Rahall, II

Rep. Nick J. Rahall, II

Tim Walberg

Rep. Tim Walberg

Roscoe G. Bartlett

Rep. Roscoe G. Bartlett

Shelley Berkley

Rep. Shelley Berkley

Howard L. Berman

Rep. Howard L. Berman

Rob Bishop

Rep. Rob Bishop

Diane Black

Rep. Diane Black

Charles W. Boustany

Rep. Charles W. Boustany

Bruce L. Braley

Rep. Bruce L. Braley

Larry Buchson

Rep. Larry Buchson

Ann Marie Buerkle

Rep. Ann Marie Buerkle

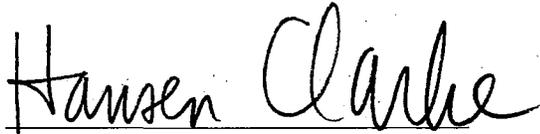
G.K. Butterfield

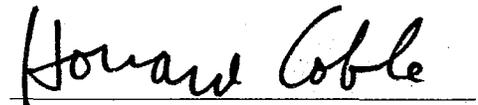
Rep. G.K. Butterfield

Bill Cassidy

Rep. Bill Cassidy

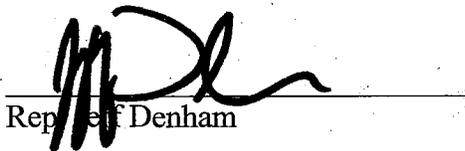
  
Rep. David N. Cicilline

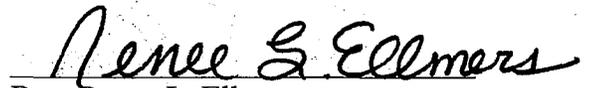
  
Rep. Hansen Clarke

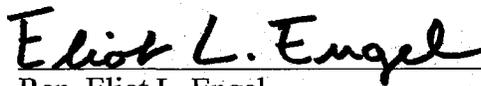
  
Rep. Howard Coble

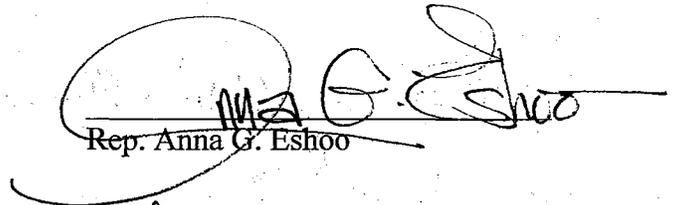
  
Rep. Mike Coffman

  
Rep. Diana DeGette

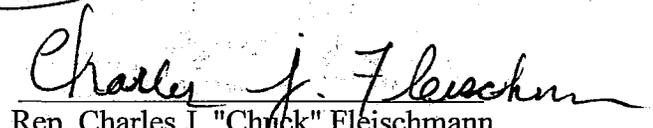
  
Rep. Jeff Denham

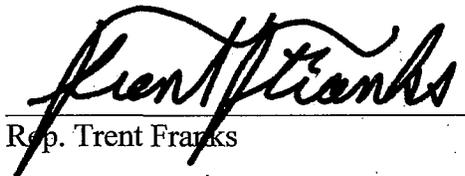
  
Rep. Renee L. Ellmers

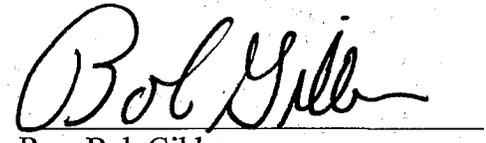
  
Rep. Eliot L. Engel

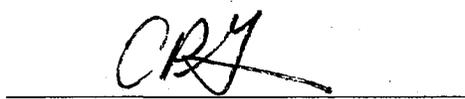
  
Rep. Anna G. Eshoo

  
Rep. Chaka Fattah

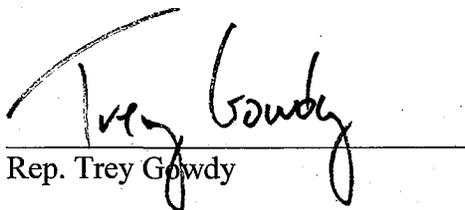
  
Rep. Charles J. "Chuck" Fleischmann

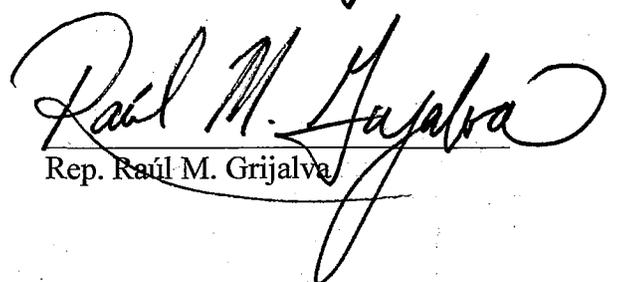
  
Rep. Trent Franks

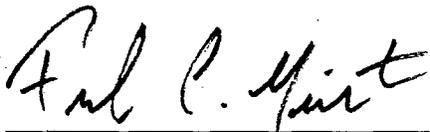
  
Rep. Bob Gibbs

  
Rep. Christopher P. Gibson

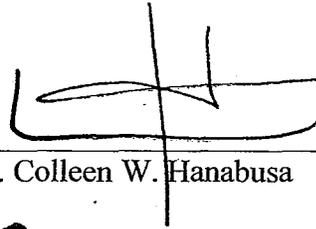
  
Rep. Phil Gingrey

  
Rep. Trey Gowdy

  
Rep. Raúl M. Grijalva



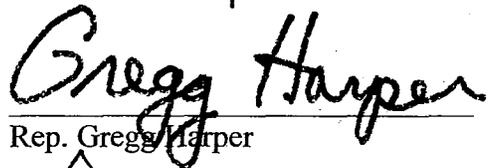
Rep. Frank C. Guinta



Rep. Colleen W. Hanabusa



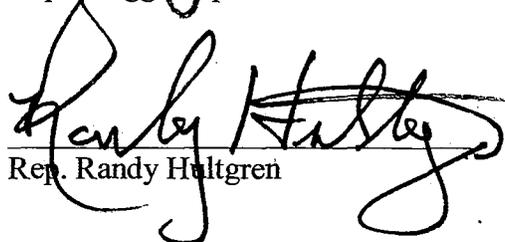
Rep. Richard L. Hanna



Rep. Gregg Harper



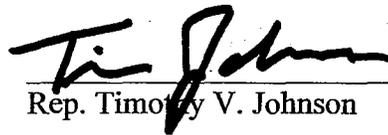
Rep. Tim Huelskamp



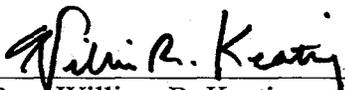
Rep. Randy Hultgren



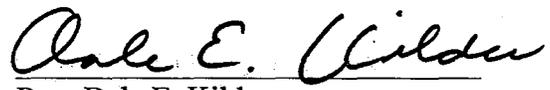
Rep. Steve Israel



Rep. Timothy V. Johnson



Rep. William R. Keating



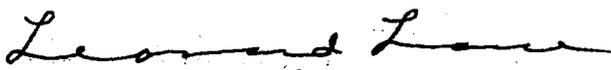
Rep. Dale E. Kildee



Rep. Larry Kissell



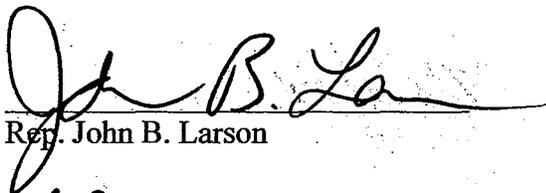
Rep. Dennis J. Kucinich



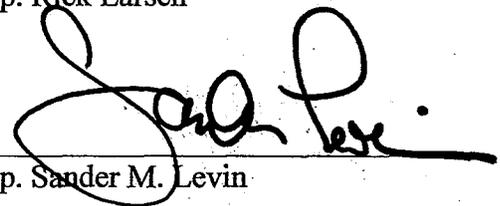
Rep. Leonard Lance



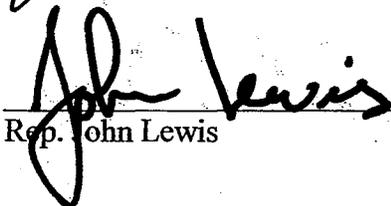
Rep. Rick Larsen



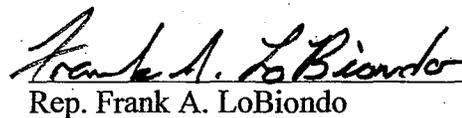
Rep. John B. Larson



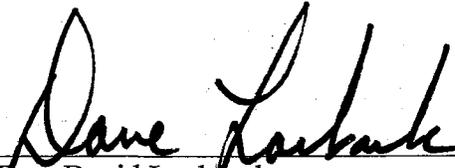
Rep. Sander M. Levin



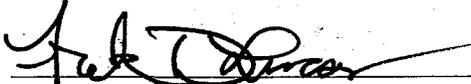
Rep. John Lewis

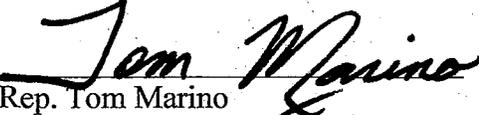


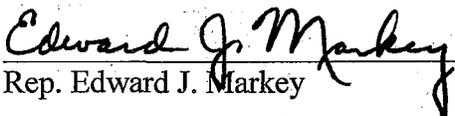
Rep. Frank A. LoBiondo

  
Rep. David Loebbeck

  
Rep. Billy Long

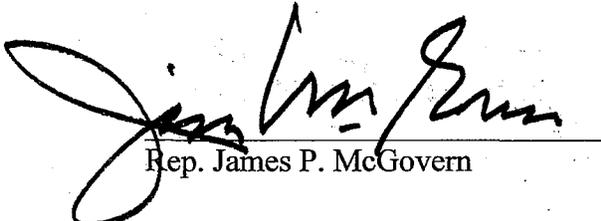
  
Rep. Frank D. Lucas

  
Rep. Tom Marino

  
Rep. Edward J. Markey

  
Rep. Doris O. Matsui

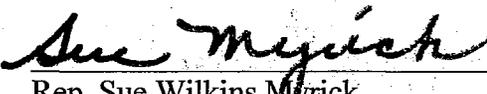
  
Rep. Michael T. McCaul

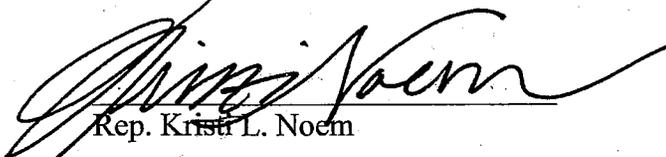
  
Rep. James P. McGovern

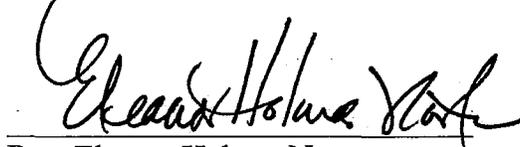
  
Rep. Mike McIntyre

  
Rep. Howard P. "Buck" McKeon

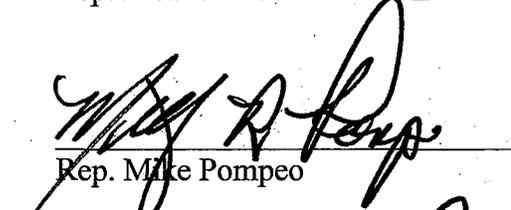
  
Rep. Terry McNerney

  
Rep. Sue Wilkins Myrick

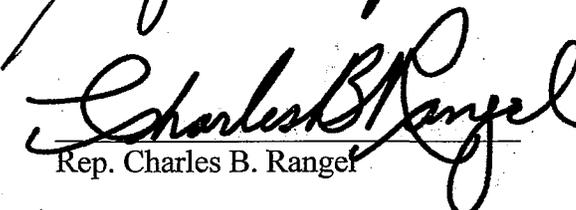
  
Rep. Kristi L. Noem

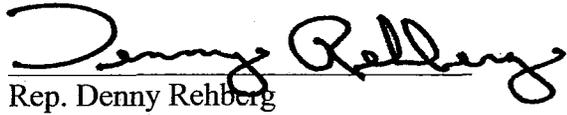
  
Rep. Eleanor Holmes Norton

  
Rep. Pete Olson

  
Rep. Mike Pompeo

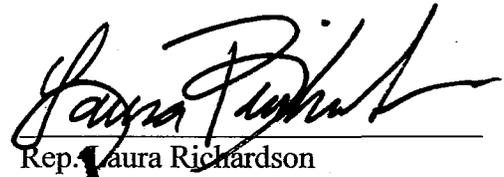
  
Rep. David E. Price

  
Rep. Charles B. Rangel

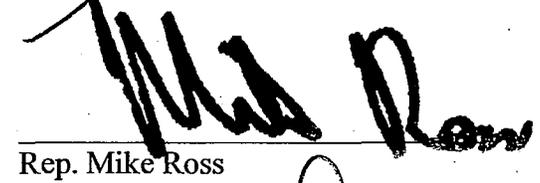
  
Rep. Denny Rehberg

  
Rep. David G. Reichert

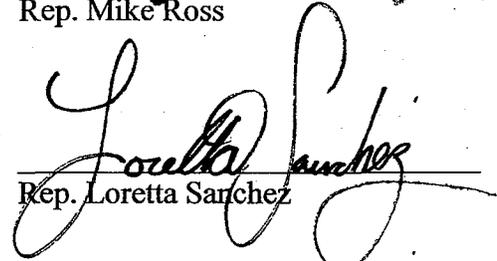
  
Rep. Silvestre Reyes

  
Rep. Laura Richardson

  
Rep. Todd Rokita

  
Rep. Mike Ross

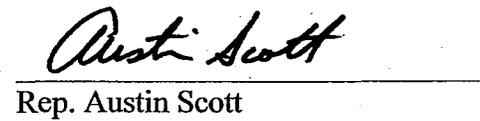
  
Rep. Linda T. Sanchez

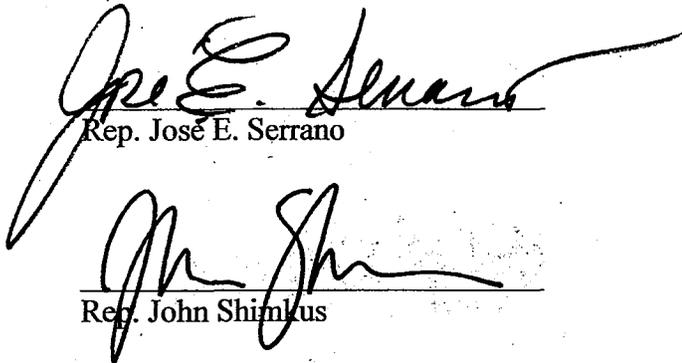
  
Rep. Loretta Sanchez

  
Rep. Steve Scalise

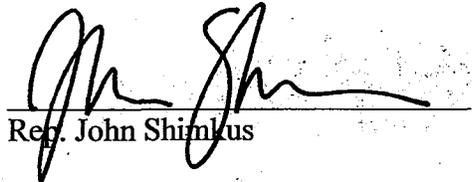
  
Rep. Adam B. Schiff

  
Rep. Aaron Schock

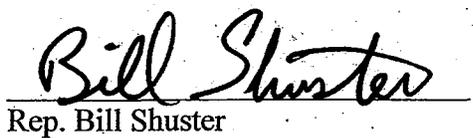
  
Rep. Austin Scott

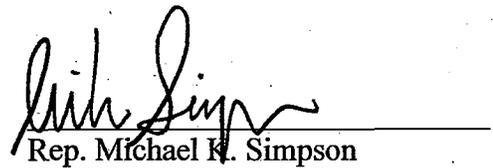
  
Rep. José E. Serrano

  
Rep. Terri A. Sewell

  
Rep. John Shimkus

  
Rep. Heath Shuler

  
Rep. Bill Shuster

  
Rep. Michael K. Simpson

  
Rep. Albio Sires

  
Rep. Adrian Smith

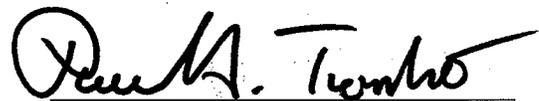
  
Rep. Jackie Speier

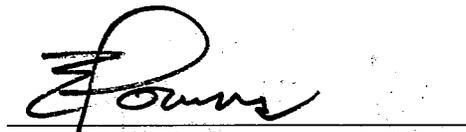
  
Rep. Fortney Pete Stark

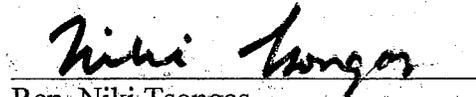
  
Rep. Glenn Thompson

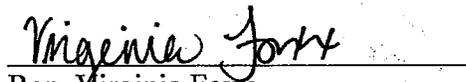
  
Rep. Mike Thompson

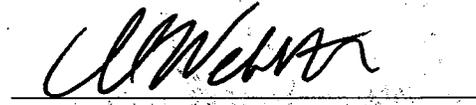
  
Rep. Scott R. Tipton

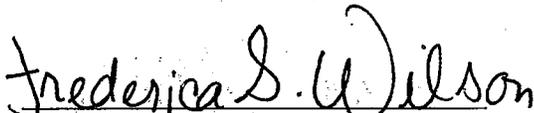
  
Rep. Paul Tonko

  
Rep. Edolphus Towns

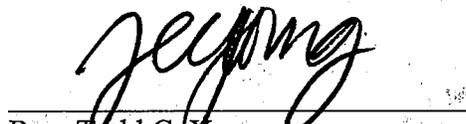
  
Rep. Niki Tsongas

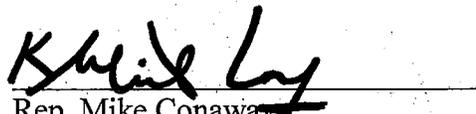
  
Rep. Virginia Foxx

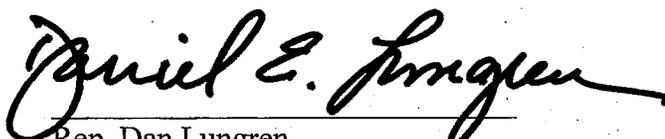
  
Rep. Daniel Webster

  
Rep. Frederica S. Wilson

  
Rep. Steve Womack

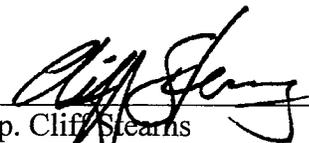
  
Rep. Todd C. Young

  
Rep. Mike Conaway

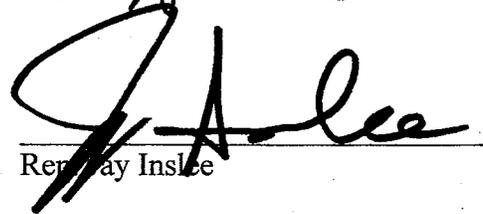
  
Rep. Dan Lungren

  
Rep. Richard Nugent

  
Rep. Marsha Blackburn

  
Rep. Cliff Stearns

  
Rep. C.A. Dutch Ruppersberger

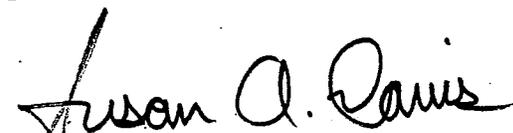
  
Rep. Ray Inslee

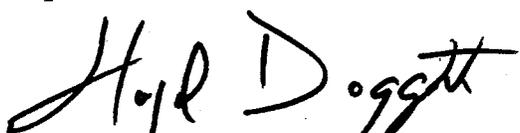
  
Rep. Lou Barletta

  
Rep. Mary Hono Mack

  
Rep. Dan Boren

  
Rep. Ander Crenshaw

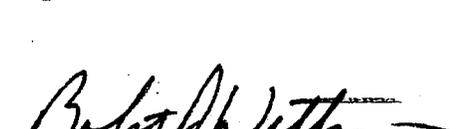
  
Rep. Susan A. Davis

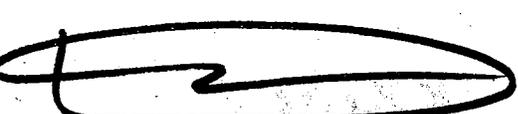
  
Rep. Lloyd Doggett

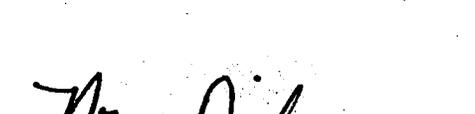
  
Rep. Bob Goodlatte

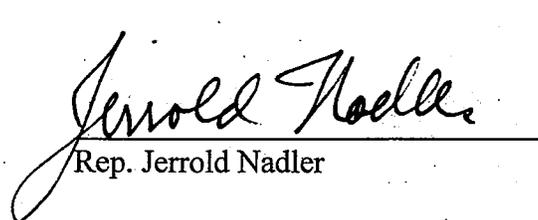
  
Rep. Stevan Pearce

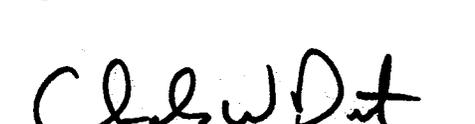
  
Rep. Jean Schmidt

  
Rep. Robert Wittman

  
Rep. David Wu

  
Rep. Norman Dicks

  
Rep. Jerrold Nadler

  
Rep. Charles W. Dent