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**Congress of the United States**  
**House of Representatives**

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US Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549

June 17, 2011

Dear Chairman Schapiro,

I am writing pursuant to your notice of proposed rulemaking to implement Section 941 of the Dodd-Frank Act, which includes the definition of Qualified Residential Mortgages ("QRM") exempt from the Act's risk retention requirements.

First, I am concerned that the down payment requirement under the proposed rule will make homeownership unaffordable for many creditworthy households. Underwriting standards for mortgages undoubtedly became absurdly indulgent in the last decade, largely because originators retained none of the risk, but returning to the "Ozzie and Harriet" mortgage requirements of 50 years ago is not necessary to assure satisfactory performance. The deed to a home is the membership card in the middle class for many American families, and the equity they build in their home is their first opportunity to accumulate wealth. Many FHA loans require less than a 3.5 percent down payment and those mortgages have performed well even in this adverse environment, to the benefit of both borrowers and lenders. I encourage you to consider the underwriting standards used by the FHA for mortgages that have performed well despite a lower down payment requirement in developing QRM requirements.

Second, many borrowers can benefit from private mortgage insurance to qualify for mortgages with a lower down payment. Private mortgage insurers are a second set of eyes with a strong economic incentive to assure that mortgages are properly underwritten, and insured mortgages have a lower default rate than uninsured mortgages. PMI also reduces the risk of loss to mortgage investors, as well as systemic risk.

There were many excesses in the last decade, but it would be the wrong lesson to learn to put homeownership out of reach for millions of creditworthy families.

Sincerely,

Brad Miller

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