



C E N T E R F O R  
**RESPONSIBLE  
LENDING**

November 15, 2010

*via email: [rule-comments@sec.gov](mailto:rule-comments@sec.gov)*

Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: Disclosure for asset-backed securities required by section 943  
of the Dodd-Frank Wall Street Reform and Consumer Protection Act,  
File No. S7-24-10, Release Nos. 33-9148, 34-63029 (RIN 3235-AK75)

Ladies and Gentlemen:

The Center for Responsible Lending (CRL) appreciates the opportunity to comment on the SEC's proposed rules concerning disclosures required by sections 943 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Act"). CRL is a nonprofit, non-partisan research and policy organization dedicated to protecting homeownership and family wealth by working to eliminate abusive financial practices. CRL is an affiliate of Self-Help, a nonprofit community development financial institution. For thirty years, Self-Help has focused on creating asset building opportunities for low-income and minority families, primarily through financing safe, affordable home loans. In total, Self-Help has provided over \$5.6 billion of financing to 64,000 low-wealth families, small businesses and nonprofit organizations in North Carolina and across America.

Over the last decade, the private RMBS market poured billions of dollars into residential mortgage loans with unusually risky features that were aggressively marketed to families who should have been offered the less costly, more sustainable loans for which they were qualified. Many families have lost their homes as a result.

Some investors were no doubt unaware that they were supporting abusive practices by loan originators that stripped billions of dollars from low- and moderate-income families across the country. More complete and granular information about individual loan originators and the specific loans at issue would have made it easier for investors to withhold support from those originators whose products were inappropriate.

Such information would have been extremely useful to investors as unsustainable loans ultimately produced sizable losses for investors as well as homeowners. Moreover, some investors would likely have chosen, for moral reasons, not to support hurtful practices regardless of the investment's profit potential.

Providing investors with the most complete granular information feasible about the underlying ABS assets, and the originators of these assets, would help investors in two ways. First, it would enable investors to avoid investments they deem irresponsible or undesirable. Second, by facilitating demand for more responsible investments, it would drive the market to produce more desirable investment opportunities for ABS investors.

For this reason, we strongly support the required disclosure to investors of comprehensive loan-level data that provides sufficient detail about specific loans and their originators. With this in mind we have the following brief comments on the SEC's proposed rules pursuant to section 943 of the Act:

- We urge adoption of the Commission's proposal to require securitizers to break out information by the originator of the underlying assets. Such information will allow investors to determine which originators are most likely to be subject to repurchase or replacement requests and which are most likely to honor such requests when made, and also will enable investors to evaluate the likelihood that particular requests will be honored based on the practices and reputation of the originator at issue.
- We support inclusion of a footnote to the proposed data chart that provides narrative disclosure of the stated reason for the repurchase or replacement request, as well as the reasons why the request remains pending. It would be useful to require, by footnote to the table, a statement of the reason(s) why the replacement or repurchase occurred, including identification of the type of representation or warranty at issue. These disclosures would facilitate investors' assessment of the significance of the outstanding requests.
- We recommend that the disclosure requirements not be limited to repurchase activity after the effective date. The timing of a repurchase or replacement request prior to the effective date does not mitigate the significance of the activity from the investor point of view.
- Foreign-offered ABS and foreign private issuer securitizers should not be exempted from the proposed rules. The significance of the repurchase or replacement activity is not mitigated by the involvement of off-shore entities.

We thank you for the opportunity to comment.

Sincerely yours,



Ellen Harnick  
Senior Policy Counsel