MMBA
MASSACHUSETTS MORTGAGE BANKERS ASSOCIATION

October 28, 2013

Office of the Comptroller of the Currency
400 7th St, SW, Suite 3E-218
Mail Stop 9W-11
Washington, D.C. 20219
Docket No. OCC-2013-0010

Board of Governors of the Federal Reserve
20th St. and Constitution Ave, NW
20th St. and Constitution Ave, NW
Attn: Robert deV. Frierson, Secretary
Docket No. R-1411

Federal Deposit Insurance Corporation
550 17th St., NW
Washington, D.C. 20429
Attn: Robert E. Feldman, Exec. Secretary
RIN 3064-AD74

Securities and Exchange Commission
100 F St., NE
Washington, D.C. 20549-1090
Attn: Elizabeth M. Murphy, Secretary
File Number S7-14-11

Federal Housing Finance Agency
400 7th St., SW
Washington, D.C. 20024
Attn: Alfred M. Pollard, General Counsel
RIN 2590-AA43

Department of Housing and Urban Development
451 7th St., SW, Room 10276
Washington, D.C. 20410-0500

Re: Credit Risk Retention Re-Proposal

Dear Sirs and Madam:

On August 28, 2013, the Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (the Board), Federal Deposit Insurance Corporation (FDIC), Securities and Exchange Commission (SEC), Federal Housing Finance Agency (FHFA), and the Department of Housing and Urban Development (HUD) (collectively, the Agencies) jointly issued a notice of proposed rulemaking (the Proposal) to implement § 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank or the Act) regarding credit risk retention including the Qualified Residential Mortgage (QRM).

The Proposal is a re-proposal of a proposed rule issued in the spring of 2011 on this subject. After intense push-back, the Agencies re-proposed the rule in 2013. The 2013 re-proposal represents an improvement from the original because it aligns the QRM definition with the QM standard finalized earlier this year by the CFPB.

- As the data demonstrate, the QM definition sets forth a rigorous standard for sustainable mortgage lending which result in borrowersôability to repay and significantly lowers delinquencies and defaults;

- Aligning the QRM and QM definitions will allow a greater number of borrowers to benefit from lower mortgage costs resulting from greater access to the private investor market, as well as safer and more sustainable loans;

- Aligning the QRM definition with the QM standard will streamline the regulatory burden on an industry where the costs of regulation have become a great concern; and

- The respective legislative intent of QRM and QM are well satisfied by the Agencies adoption of the same definition.

Despite the improvements, we have several concerns with the re-proposal. In particular, we are deeply concerned with the Alternative QM-Plus Approach. This Alternative would require a loan qualifying for the QRM exemption to have a 30% down payment and subject the borrower to onerous credit history requirements. The following are just some of the arguments against the Alternative:

- The Alternative's inclusion of a down payment requirement is inconsistent with the legislative intent;

- The Alternative restricts too many consumers' access to the most affordable credit available;

- The Alternative would exclude a greater number of minority borrowers from the most competitive loans than the Preferred Approach;

- The Alternative is unnecessary because the investor market can easily ascertain and price transparent credit attributes like loan-to-value ratio (LTV);

- The Alternative will raise costs to borrowers. Consumers who do not qualify for QRM will pay higher prices for ever-scarcer private label credit; and

- The Alternative of a more restrictive QRM will increase Government and agency involvement in the mortgage market when the Government's footprint and risk should be reduced.

Thank you for the opportunity to provide you with our comments. Please contact us if you have any questions or if we can provide additional information.

Sincerely,

Deborah Sousa
Executive Director

The Massachusetts Mortgage Bankers Association (MMBA) is the Commonwealth's trade association representing the real estate finance industry. Founded in 1974, the MMBA is the largest mortgage association in New England and is one of the most successful in the country. The association works to ensure the continued strength of the Commonwealth's residential real estate markets; to expand homeownership prospects through affordability; and to extend access to affordable housing. The MMBA promotes fair and ethical lending practices and promotes excellence and integrity among real estate finance professionals through a wide range of educational programs, advocacy and industry-wide publication. Its membership of approximately 250 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, thrifts, insurance companies, appraisers, etc. and others in the mortgage lending field. For additional information, visit MMBA's Web site: www.massmba.com.

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