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**From:** John McKenzie <johnm@icul.org>  
**Sent:** Wednesday, October 30, 2013 2:28 PM  
**To:** regs.comments@occ.treas.gov; Jennifer Johnson; Comments@FDIC.gov; !FHFA REG-COMMENTS; comments@sec.gov  
**Subject:** Indiana League Comment Letter - Interagency Credit Risk Retention Proposal

Legislative & Regulatory Activities Division  
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Elizabeth M. Murphy, Secretary  
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Alfred M. Pollard, General Counsel  
Federal Housing Finance Agency  
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Regulations, Office of General Counsel  
Dept. of Housing & Urban Development  
451 7th St, SW  
Washington, DC 20410

Re: Interagency Credit Risk Retention Proposal

Dear Agencies Representatives: Indiana Credit Union League (ICUL) appreciates the opportunity to comment on the inter agency proposed rule on credit risk retention, which was required by the Dodd-Frank Act. The ICUL member credit unions represent over 98% of assets and members of Indiana's credit unions, with those memberships totaling more than two million consumers.

The ICUL supports the efforts to develop regulations that will result in a strong secondary market for real estate loans. We encourage all regulatory agencies to work to ensure that the end result is a secondary market available to all size lenders and their varying loan volumes. We also recognize the need for effective oversight of the secondary market and participating lenders to ensure the secondary market will operate efficiently and accomplish the goal of supporting the needs of borrowers, investors and securitizers.

We believe that it is important that regulations issued by multiple agencies be structured in such a way that the various definitions and requirements be consistent so as to allow a strong understanding of the requirements by all lenders. We appreciate that the proposed definition of a quailed residential mortgage (QRM) is in line with the Consumer Financial Protection Bureau's definition of a qualified mortgage (QM). We continue to be concerned that the regulations not be written in such a way as to limit or eliminate non-QM loans that otherwise are very strong loans. If the regulations are too restrictive, our concerns are that these good loans will not be made. We believe that using a 43% debt-to-income ratio is unnecessary, and will have the unintended consequence of limiting options to consumers who would otherwise qualify for a mortgage.

We encourage the regulatory agencies to consider reducing the 5% risk retention requirement for non-QM loans to something less based on factors related to the lender's ability to make quality loans (default rates, delinquency rates, etc.). There are many

consumers with income levels that can easily support more than a 43% DTI ratio. With regulatory restrictions that are too strict, the end result will likely be many good loans not being made.

We support the proposed expansion of the types of loans that are eligible as QRMs. This will result in increased flexibility for the lenders that will ultimately benefit both creditors and borrowers. The overly restrictive definition originally proposed would have resulted in limiting options to consumers.

Many lenders are in the process of updating their loan processing systems to meet the upcoming requirements of the various mortgage rules issued by the CFPB. We strongly believe that any regulations issued by multiple agencies related to similar activities such as real estate lending need to be as consistent as possible across agencies to minimize the possibilities for confusion resulting in inadvertent non-compliance by creditors. Those in the business of making loans to consumers should be able to rely on consistency in regulation to minimize the overall compliance burden. If systems have to be developed to meet differing requirements, this leads to increased expense, increased cost to the consumer and potentially fewer options for the consumer.

The proposal asked for feedback regarding an alternate approach to aligning QRM with QM referred to as "QM-Plus." We strongly oppose the QM-Plus alternative. The proposed requirements are too restrictive and would require lenders to have systems that can address multiple regulatory variances. We encourage the agencies to continue to approach development of final rules that do not include a QM-Plus alternative.

Thank you for the opportunity to comment on the proposal. If you have any questions about our letter, please do not hesitate to give me a call at (317) 594-5320.

Sincerely,

John McKenzie  
President, Indiana Credit Union League