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Congress of the United States
House of Representatives
1408 Longworth Building
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July 19, 2011

Honorable Shaun L.S. Donovan
Secretary
United States Department of Housing &
Urban Development
451 7th Street, SW
Washington, DC 20410

Honorable Sheila C. Bair
Chairman
Federal Deposit Insurance Corp.
550 17th Street, NW
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Mr. John Walsh
Acting Comptroller
Office of the Comptroller
Of the Currency
250 E Street, SW
Washington, DC 20219

Honorable Ben S. Bernanke
Chairman
Board of Governors of
The Federal Reserve System
20th & Constitution Avenue, NW
Washington, DC 20551

Honorable Mary L. Schapiro
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Mr. Edward J. Demarco
Acting Housing Finance Agency
1700 G Street, NW
Washington, DC 20552

Ladies and Gentlemen,

I write regarding 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 requirement. As you promulgate these rules I urge you to consider lower down payment loans that have mortgage insurance (MI) as constituting a QRM.

The proposed regulation goes beyond Congressional intent by imposing excessively stringent down payment restrictions. The currently proposed minimum requirement of 20 percent under the QRM definition, which does not take into account loans covered by mortgage insurance, would reduce access to affordable mortgages and increase consumer costs. It would particularly harm first time homebuyers, as evidenced by a survey by the National Association of Realtors that found 86 percent of first-time homebuyers made down payments below 20 percent. As the economy continues to struggle, this rule could price out reliable homebuyers that would otherwise be purchasing homes and contributing to a rebound in the housing market.

Section 941 of the Dodd-Frank Act names "mortgage guarantee insurance" as one of the factors to be included in the QRM definition. Currently, loans with private insurance have a lower rate of default than uninsured loans. Mortgage insurers perform a comprehensive analysis to supplement a lender's review of homeowners, which helps mitigate and prevent loan deficiencies. Agency rulemaking should reflect Congressional intent, which recognizes the important role that mortgage insurers play helping reliable homebuyers secure financing and assuring that loans are financially stable for lenders.

The proposed rule adds excessively stringent requirements that do fairly not reflect the intent of Congress, and would have a disparate impact on the less wealthy and on first-time home buyers. I urge you to reconsider the proposed QRM criteria in a way that capable and creditworthy homebuyers have access to credit and affordable mortgages.

Sincerely,

Rick Crawford
Member of Congress