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Federal Deposit Insurance Corp.
Washington, D.C.

Federal Housing Finance Agency
Washington, D.C.

Docket Number: RIN 3064-AD74

Docket Number: RIN 2590-AA43

August 1, 2011

To whom it may concern:

We write to ask you to modify the proposed Qualified Residential Mortgage (QRM) rule to ensure that families of moderate means will be able to enter the home buying market in the future.

Consumer Action fully supports the five percent risk retention requirement that imposes a minimal level of responsibility on lenders to reduce the amount of risk-free, irrational lending that some firms engaged in. The five percent requirement helps to dissuade the sale of poorly underwritten loans and requires financial firms to have some stake in a loan's performance. "Safe" loans that are entitled to exemption from the five percent requirement rightly prohibit risky terms and practices such as 'no-doc' loans and prepayment penalties.

However, the proposed rule goes too far in requiring down payments of up to 20% on "safe" QRM loans. A 20% down payment requirement will exclude large segments of moderate to middle income families from purchasing a home. This is likely to affect communities of color disproportionately. We do not believe these were the intended outcomes, but we do expect that they will be the results. QRMs are likely to set the standard for the mortgage marketplace leaving a good portion of the home buying public with unaffordable rates, making a home purchase unavailable to many.

Consumer Action urges regulators to substantially reduced the down payment requirement while continuing Congress's mandate to diminish risk and inject some financial consequence for lenders in the mortgage process.

Sincerely,

Ruth Susswein

Consumer Action

Consumer Action has been a champion of underrepresented consumers since 1971. A national, nonprofit 501(c)3 organization, Consumer Action focuses on financial education that empowers

low to moderate income and limited-English-speaking consumers to financially prosper. It also advocates for consumers in the media and before lawmakers to advance consumer rights and promote industry-wide change particularly in the fields of credit, banking, housing, privacy, insurance and utilities. www.consumer-action.org