

May 13, 2011

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Ladies and Gentlemen:

The undersigned organizations representing consumers and the real estate and financial services industries appreciate your efforts to develop the proposed rule implementing the Risk Retention and Qualified Residential Mortgage (QRM) provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank).

Nevertheless, in reviewing the notice of proposed rulemaking (NPRM), it is clear that if finalized, it would have an enormous impact on the availability and costs of mortgage credit and the housing market for years to come. A thorough response to the NPRM by affected entities will require significant data development, analysis and validation that cannot be reasonably completed by the June 10, 2011, comment deadline. For this and other reasons, we respectfully but strongly urge that the process for consideration of public views be broadened and the comment deadline extended. Specifically, we ask that the deadline be synchronized with that of the rulemaking on the Ability to Repay and Qualified Mortgage (QM) provisions under Dodd-Frank so that comments are due no earlier than July 22, 2011.

The Risk Retention proposal was released by your agencies in the last week of March and beginning of April and was not formally published for comment in the Federal Register until April 29, 2011. As you know, it comprises nearly 400 printed pages and asks respondents to address almost 200 questions. It would broadly apply new risk retention requirements to all sponsors of securitizations of mortgages and other assets. At the same time, the proposed QRM exemption under the Risk Retention NPRM is narrowly designed and would require significantly higher down payments from borrowers and lower debt-to-income ratios than are required today.

While we recognize that Dodd-Frank requires a final Risk Retention rule within 270 days, the proposal was not issued until nearly all of that time elapsed. Under the circumstances, the public's opportunity to respond should not suffer.

Although written comments may be sufficient for some rules, we believe the importance of these issues demands a far more proactive effort to encourage public involvement. Previous rulemakings such as the Home Mortgage Disclosure Act (HMDA) and Real Estate Settlement Procedures Act (RESPA) rules aptly included a series of regional hearings to solicit public input – we believe such an approach is clearly warranted here as well.

Most importantly, the QM presumption/safe harbor, under the Ability to Repay provisions of Dodd-Frank, serves a parallel purpose to and requires consideration of many of the same concerns as the QRM. Like the QRM--which offers an exception from risk retention to encourage better-underwritten, more sustainable loans--the QM offers decreased liability for QM mortgages to achieve the same end.

To prevent undue regulatory burden, both the QM and QRM should be consistent; indeed, Dodd-Frank requires that the QRM not be broader than the QM. Accordingly, issues under both rules should be considered and addressed together by the public.

The Federal Reserve issued the proposed Ability to Repay and Qualified Mortgage rule on April 19, 2011, with a comment due date of July 22, 2011. In the interest of ensuring appropriate attention by the public to both rules, we ask that the comment period be extended so that comments on both are due no earlier than July 22, 2011.

Our organizations greatly appreciate your consideration of this important matter.

Sincerely,

American Bankers Association
American Financial Services Association
Center for Responsible Lending
Community Mortgage Banking Project
Community Mortgage Lenders of America
Consumer Federation of America
Consumer Mortgage Coalition
Independent Community Bankers of America
Mortgage Bankers Association
National Association of Home Builders
National Association of Realtors
National Community Reinvestment Coalition
National Council of La Raza
National NeighborWorks Association
Real Estate Services Providers Council, Inc.