

# United States Senate

WASHINGTON, DC 20510

February 13, 2013

The Honorable Shaun Donovan  
Secretary of Housing and Urban Development  
Department of Housing and Urban Development  
451 7<sup>th</sup> Street S.W.  
Washington, DC 20410

The Honorable Ben S. Bernanke  
Chairman  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, DC 20551

The Honorable Martin J. Gruenberg  
Chairman  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, N.W.  
Washington, DC 20429

The Honorable Elisse B. Walter  
Chairman  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549

The Honorable Thomas J. Curry  
Comptroller  
Office of the Comptroller of the Currency  
250 E Street, S.W.  
Mail Stop 2-3  
Washington, DC 20219

Edward DeMarco  
Acting Director  
Federal Housing Finance Agency  
1700 G Street, N.W.  
4<sup>th</sup> Floor  
Washington, DC 20552

Dear Secretary Donovan, Chairman Bernanke, Chairman Gruenberg, Chairman Walter, Comptroller Curry, and Acting Director DeMarco,

On January 10, 2013, the Consumer Financial Protection Bureau (“CFPB”) adopted a final rule implementing the Qualified Mortgage (“QM”) under Title XIV of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”). Now that the QM rule has been finalized, the regulators responsible for defining the Qualified Residential Mortgage (“QRM”) exemption from risk retention under Title IX of the Dodd-Frank Act can resume work to finalize a definition of QRM, consistent with the mandate that QRM be no broader than the definition of a QM.

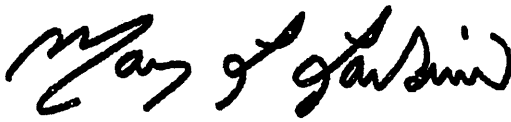
The QRM exemption resulted from our bipartisan effort to ensure that responsible borrowers have ongoing access to the prudent, sustainable mortgages that for decades have been the cornerstone of a stable and strong U.S. housing market. Our intent as the drafters of this provision was, and remains, clear: to incent the origination of well underwritten mortgages with traditional terms, including full documentation, full scheduled amortization and, in the case of low down payment loans, private mortgage insurance, to the extent such insurance reduces the risk of default.

For the U.S. housing market to continue on its path to recovery, consumers, lenders and investors need greater certainty regarding the boundaries of mortgage lending. The recent action by the CFPB to

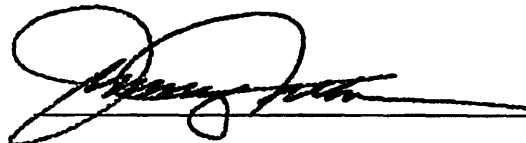
finalize the rules implementing the ability to repay provisions of Dodd Frank was an important step toward this certainty and access. The next, critical, step is publication of a rule implementing the QRM definition in a manner that clearly and fully reflects our legislative intent.

The QRM rule published over a year ago proposed an overly rigid, narrow standard that will result in many responsible borrowers being denied the opportunity to purchase a home with sustainable terms and pricing they can afford. As sponsors of the QRM exemption from risk retention in Dodd-Frank Act, we intentionally omitted a specific down payment requirement and never contemplated the rigid 20% or 10% as discussed in the March 2011 Notice of Proposed Rulemaking. We respectfully urge you to act quickly to revise the rule to accurately reflect the language – and intent – of Dodd Frank.

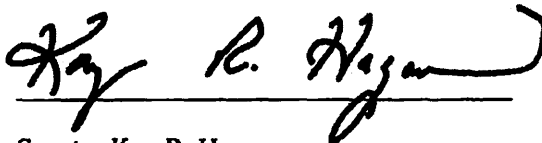
Sincerely,



Senator Mary L. Landrieu



Senator Johnny Isakson



Senator Kay R. Hagan

cc: The Honorable Neal Wolin  
Acting Secretary and Deputy Secretary of the Treasury  
Department of the Treasury  
1500 Pennsylvania, Avenue, N.W.  
Washington, DC 20220

The Honorable Richard Cordray  
Director  
Consumer Financial Protection Bureau  
1801 L Street, N.W.  
Washington, DC 20220