

December 8, 2009

Representative Louise Slaughter  
Chair  
House Committee on Rules  
The Capitol, H-312  
Washington, DC 20515

Representative David Dreier  
Ranking Member  
House Committee on Rules  
Longworth 1627  
Washington, DC 20515

Dear Chairwoman Slaughter and Ranking Member Dreier:

The undersigned organizations are concerned with the risk retention requirements contained in H.R. 4173, the Wall Street Reform and Consumer Protection Act. We firmly believe that the language, which establishes an across-the-board credit risk retention requirement, will raise consumer borrowing costs and limit the availability of affordable mortgage options. We support the concept of establishing accountability requirements for lenders, but a more prudent approach is to establish risk retention requirements based on the level of risk with a clear distinction for safe, sound and simple mortgages.

Representatives Dan Boren, Mike McMahon, Shelley Moore Capito and Gary Miller have filed an amendment that would direct the federal financial regulators to establish a category of safer mortgages that would be exempt from the risk retention requirements. We believe this amendment is necessary in order to continue the free flow of lower-risk, affordable mortgage products to consumers that are available in the marketplace today. We urge you to allow this amendment to be considered on the House floor.

As currently drafted, the risk retention requirements in H.R. 4173 would force some lenders out of business and would reduce the ability of all institutions to make loans to credit-worthy borrowers. Available funds for home financing would be reduced by countless billions of dollars by lenders needing to meet higher reserve requirements. These factors would work to unnecessarily constrict the availability of credit and increase its cost to consumers. This amendment takes a more efficient approach by directing the regulators to exempt low-risk mortgages.

Finally, risk retention requirements are unnecessary for commercial and multifamily real estate transactions where the risks are well defined and understood. Risk retention has been successfully addressed in the commercial mortgage-backed securities (CMBS) business model through a market-based solution in which specialized participants act as gatekeeper. These participants possess a sophisticated knowledge of the underlying market and assume the risk retention role.

We appreciate your consideration of our concerns and look forward to working with you on these important matters.

**Community Mortgage Banking Project  
Consumer Mortgage Coalition  
Community Mortgage Lenders of America  
Housing Policy Council  
Mortgage Bankers Association  
National Association of Federal Credit Unions  
National Association of Home Builders**