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Comments:

Public Comments on Credit Risk Retention:

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CNN is an independent mortgage banker. In 2010 we closed 1,954 first lien residential mortgages with Conventional, FHA, VA, and Rural Housing programs. We are concerned that the proposed definition of a mortgage that would qualify for an exemption from risk retention does not represent the typical homeowner/homebuyer. We believe that loans that qualify for QRM will be the lowest cost financing for qualified borrowers. The QRM proposal suggests a 20% down payment, and 36% total debt to income ratio. This high down payment and low debt leverage standard is unrealistic in light of American home owners/buyers. For families who leverage the purchase of a home with mortgage financing near amenities that support their lifestyle choices, affordable homeownership will be out of reach. We recommend enlarging the QRM to include Conventional insured (loans with PMI), and allowing the loan underwriter enough flexibility to evaluate all layered risk un-encumbered by rigid debt to income ratios. We have analyzed the data on our mortgage originations for the years 2010 and 2011 to date. Less than 17% of our conventional loans would qualify for the QRM proposed standard based on LTV and debt to income ratios alone, which rarely meet a 36% standard, but more typically averaged 45% - 50%. In addition, it is important to give the homebuyer product options. In some cases conventional mortgage insurance can be a better choice for the consumer. We would also ask that you take enough time to evaluate the cost of funding a residential mortgage to determine the effect the 3% fees limitation would have on lower loan amounts. To summarize, we believe that the LTV and DTI ratios in the proposed QRM standard should be expanded. We also feel that the regulators should evaluate costs of funding small loan amounts and expand the 3% fees limitation in order to preserve affordability for first time homebuyers.