



May 23, 2011

The Honorable Timothy F. Geithner
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Chairman Ben S. Bernanke
Board of Governors of the
Federal Reserve System
20th Street and Constitution Ave., NW
Washington, DC 20551

Re: Regulation Z proposal – Qualified Residential Mortgage (QRM) Ability-to-Repay

Dear Secretary Geithner and Chairman Bernanke:

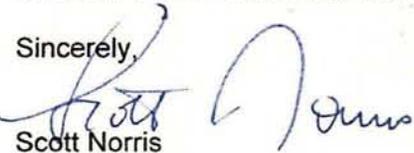
San Diego County Credit Union has, for many years, applied common sense home loan underwriting guidelines and helped thousands of home owners with their financing needs. My credit union is the largest credit union in San Diego and has more than 215,000 members. We have outperformed so called "to big to fail" banks without Federal assistance or intervention in our lending. Proposed QRM creditworthiness standards will have a devastating effect on our members, the housing recovery, and the credit union's long term financial viability. We support a measured approach more in line with current Fannie Mae/Freddie Mac lending guidelines.

Like so many regulations, proposed QRM standards may be well intentioned but are being designed by those not fully aware of the impact the guidelines will have on consumers, the housing market, and the financial services industry. The effects will immediately be felt by consumers. High down payment requirements will not have a meaningful impact on current or future default rates. But they will require millions of consumers, who are typical low risk credit union members, to either put off buying a home, or pay unnecessarily high rates due to reserve requirements.

The secondary effect will be to jeopardize a very fragile housing recovery. Fewer eligible home buyers will mean less demand for homes in the midst of a steady supply of new foreclosures. The result will be further declines in home values and add years to the housing recovery. Finally, home loans contribute a large part of the credit union's income. Reduced loan volume and higher reserve requirements will result in lower income, less capital and more risk to the financial system.

Changes like this may make rule makers look foolish in the eyes of a consumer. Fannie Mae and Freddie Mac used prudent, time tested guidelines for years before Regulators and Congress unwisely put pressure on them to expand home ownership to those least likely to afford it. Please don't make the mistake of setting credit standards too high to reach.

Sincerely,


Scott Norris
Executive Vice President