

From: Stephen N Emory  
Subject: Credit Risk Retention - Reg RR

---

Comments:

Date: Apr 07, 2011

Proposal: Credit Risk Retention  
Document ID: R-1411  
Document Version: 1  
Release Date: 03/29/2011  
Name: Stephen N Emory  
Affiliation:  
Category of Affiliation: Other  
Address:  
City:  
State:  
Country: UNITED STATES  
Zip:  
PostalCode:

Comments:

All FNMA/Freddie (GSE) approved loans (Or any similar future named entity) within their AUS (automated underwriting system), should always qualify as a QRM (qualified residential mortgage) just a FHA, VA or USDA loans do in the Rule. The "government" basically controls and always has, what they approve so why not include forever as a "lower risk loan"? As QRM stands, if by political or other means, FNMA/Freddie were to come out of the conservatorship/receivership, mortgage lending would tighten substantially, house values would drop a lot more, and harm would come therefore to millions of American citizens far exceeding the last financial crisis. The regulatory entities writing these Rules can't control the legislatures mistakes with complicated policy. If FNMA/Freddie had ONLY purchased loans they had approved through their AUS, and not gone outside of this and bought true "Sub-Prime" loans on the open market from "Sub-Prime" lenders like New Century in the mid 2000's, they would not have had anywhere near the financial problems they are having currently. US Taxpayers would not be footing the bill. Reform the GSE's mandate and only allow them to securitize loans they approve through their in house AUS and you will solve most of the taxpayer liability problem. 5% "skin in the game" on what has been standard GSE loans for decades will just drive out small business to the benefit of large business and restrict lending to consumers, and raise the cost of getting home loans at the same time.