From: John S Wiseman

Subject: Credit Risk Retention - Reg RR

Comments:

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Proposal: Credit Risk Retention
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Comments:
Subject: Recommended Improvements to Proposed Rule for Implementation of Dodd - Frank's Credit Risk Retention Provision for Residential Mortgages (QRM) To whom it may concern: Prudent but not needlessly restrictive credit standards are an effective method to measure the homeowner's ability to repay their mortgage obligation prior to the debt being incurred. Prudent credit standards help protect the financial system at the onset of the loan. Down payments also provide protection. Borrowers should be given fair and safe options to fill the gap between a home's appraised value (or purchase price) and the requisite collateral threshold, the"equity gap", that the marketplace and prudent regulation determine is adequate to protect the financial system in the event of borrower default. QRM mortgages should allow for this equity gap to be filled by borrower down payment; or in the case of low down payment homebuyers, well qualified borrowers should have the option to purchase FHA insurance, private mortgage insurance, or to borrow a portion of their equity through a subordinate mortgage (maximum 95% CLTV). Taxpayers Protection/Interest 1 .Taxpayers interests are protected as this proposal would reduce losses to the financial system in the event of default versus the losses that would occur with defaulted uninsured 80% LTV mortgages (current proposal). 2. This proposal prevents concentrating taxpayer risk in the FHA if no other QRM options are provided to low down payment homebuyers. Consumers Interest/ Protection 1. Reduces the barrier to entry for homebuyers and move up borrowers where real estate values having declined (many repeat buyers do not have sufficient proceeds from sale of their existing residence to tender a 20% down payment) versus the current proposal. 2. It assures sufficient demand for real estate to avert the potential for further destabilization of the housing market. Potential Non-Exempt "Unqualified Mortgages" 1. Loans not amortized in 30 years or less (e.g. interest only, negative amortization loans) 2. Loans with less than 5 % down payment (except for targeted loan programs insured by the FHA) 3. Loans with the potential for interest rate

change during the first 60 months 4. Mortgages that are not first lien (e.g. HELOC'S, subordinate mortgages) 5. Cash out refinance loans in excess of 80% LTV 6. Non- owner occupied residential mortgages Thank you for your consideration.

Sincerely yours,

John S. Wiseman