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Comments:

Public Comments on Credit Risk Retention:

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This requirement is too narrow and will negatively impact the housing market, thereby slowing economic recovery. The current retention requirement will eliminate a large number of potential borrowers by increasing the cost of credit. This will take a large number of potential buyers out of the housing market, thereby putting further downward pressure on housing prices.
Further negative economic impact will be done by eliminating rate and term refinance options for credit worthy home owners who do not have 25% equity in their homes. These homeowners will not be able to take advantage of low rates for refinancing. This will eliminate any saved monthly cash flow from entering the economy.
Low down payment loans perform as well or better than higher down payment loans as indicated by historical lending data. The full credit worthiness of the borrower should be taken into account, not just the available funds for a down payment. Look at the performance of FHA loans originated since 2009. The default rates are very low, but those loans are available with at little at 2.5% down payment. The reason is the full documentation and underwriting based on the total credit picture of the borrower.
The requirement as written will also provide a significant advantage for government backed lending making it difficult for the Federal government to withdraw from the mortgage lending space. This will also either delay or potentially eliminate private funds from coming back into the mortgage market. Neither of these situations were the intention of the drafters of this legislation.
Low income and first time home buyers will be significantly discriminated against due to the funds required for a QRM as it is currently drafted. This will make it very difficult for these potential buyers to afford a home due to the down payment requirements.
Allow a 5% down payment and higher DTI requirements.