

The Honorable Jerome Powell  
Chairman  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Ave. NW  
Washington, DC 20551

The Honorable Michael Hsu  
Comptroller  
Office of the Comptroller of the Currency  
400 7th Street SW, Suite 3E-218  
Washington, DC 20219

The Honorable Martin Gruenberg  
Chair  
Federal Deposit Insurance Corporation  
550 17th Street NW  
Washington, DC 20429

August 11, 2023

**Proposal: Regulatory Capital Rule: Amendments Applicable to Large Banking Organizations and to Banking Organizations with Significant Trading Activity [R-1813] / Docket ID OCC-2023-0008 / RIN 3064-AF29**

Dear Chair Powell, Comptroller Hsu, and Chair Gruenberg,

As members of the Harris County Homeownership Collaborative in Harris County, TX, we write to echo the National Housing Conference's deep concern about reports that you are considering significantly increasing capital standards on some mortgages with down payments of less than 20%. Please review Docket

Our Collaborative was founded to increase homeownership rates for residents of Harris County who are Black, Indigenous, and People of Color (BIPOC), and our respective organizations bring deep experience in creating sustainable homeownership for these households. Many of the households we serve use bank-originated mortgages, Special Purpose Credit Programs, and other such mortgage loans with down payments of less than 20% to achieve their homeownership goals and begin building wealth and long-term housing stability. Here are some key points we can share, based in years of experience working with these households directly:

- We have not seen substantial differences in the rates of foreclosure or pre-foreclosure proceedings based on a household's loan-to-value (LTV) ratio.
- We know that a down payment of 20% in today's economic environment is unreachable for many households, and that higher capital standards on mortgages with down payments of less than 20% will have a disproportionately negative impact on the availability of mortgages for people of color in Harris County and across the country.

- We believe that current mortgage insurance requirements already provide an effective strategy to mitigate risks for the banking sector.

In sum, we believe that these proposed changes to capital standards are misguided and will reinforce a legacy of racial inequality in homeownership. We strongly urge your organizations to keep risk weighting at 50% for well-underwritten high-LTV loans.

Sincerely,

Avenue Community Development Corporation

Fifth Ward Community Redevelopment Corporation

Houston Habitat for Humanity

LISC Houston

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Please contact the Harris County Housing Collaborative for any follow-up discussion via:

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LISC Houston

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