



September 9, 2010

Mr. Edward J. DeMarco
Acting Director
Federal Housing Finance Agency
1700 G Street, NW
Washington, DC 20552

Dear Director DeMarco:

As you are well aware, the Dodd-Frank Wall Street Reform and Consumer Protection Act will bring about the most significant financial regulation restructuring since the Great Depression. The bill creates new regulatory agencies, expands existing ones, and calls for hundreds of new rules and important studies. This undertaking will require a massive amount of your agency's resources and time over the coming months and years. Many of these new rules will be developed jointly by multiple agencies, and scores of the rules will need to be synchronized with other simultaneous or sequential rulemakings.

As I know you appreciate, it is essential that this process unfold in a way that balances necessary reforms with the need for preserving an efficient financial system that provides qualified borrowers with sustainable, affordable credit. It is in this spirit that the Mortgage Bankers Association is advocating eight principles for financial regulatory reform that we urge you to consider during the implementation process. They are:

- Seek comprehensive, coordinated solutions;
- Foster certainty in the marketplace;
- Increase transparency;
- Balance the ability of the private marketplace to control lending with the application of new regulation;
- Ensure market liquidity;
- Appropriately tailor solutions to the current market environment;
- Maximize competition to lower costs; and
- Promote uniformity.

The attached document expands on these principles. On behalf of our members and staff, the MBA looks forward to working with you and your staff as we reform the regulation of our nation's financial system. Please consider us a partner and a resource as you move forward.

Sincerely,

A handwritten signature in black ink that reads 'John A. Courson'.

John A. Courson
President and Chief Executive Officer

A handwritten signature in black ink that reads 'Robert E. Story, Jr.'.

Robert E. Story, Jr., CMB
Chairman

8 Principles for Implementing Financial Regulatory Reform

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 will usher in the most significant financial restructuring since the Great Depression. The 2,315 page bill creates new regulatory agencies, expands several existing ones, and calls for hundreds of new rules that will add up to tens of thousands of pages. This undertaking will require a massive amount of resources and time over the coming years.

Many of these new rules will be developed jointly by multiple agencies. Scores of the rules will need to be synchronized with other simultaneous or sequential rulemakings. It is essential that this process unfold in a way that balances necessary reforms with the need for preserving an efficient financial system.

The Mortgage Bankers Association (MBA) believes the following principles are essential to striking this balance. MBA believes that the new rules should:

1. **Seek comprehensive, coordinated solutions** — Regulations in key areas, such as disclosure reform, should be accomplished in as comprehensive and coordinated a manner as possible to avoid repeated and redundant systems changes and training costs that will ultimately fall upon borrowers.
2. **Foster certainty in the marketplace** — Regulations should be clear and certain so that lenders can plan business strategies to offer sustainable financial products without fearing an unduly shifting regulatory environment. Bright line standards and safe harbors must be clearly defined to encourage broad participation in the market.
3. **Increase transparency** — Simplification and harmonization of consumer disclosures, with a goal of greater transparency for the borrower, should be a top priority. New regulations should empower borrowers to better make better informed choices. Greater transparency will also increase competition and reduce costs for borrowers.
4. **Balance the ability of the private marketplace to control lending with the application of new regulation** — New regulations should be created where necessary, but regulations should utilize private solutions where they are practical and applicable.
5. **Ensure market liquidity** — Changes that unnecessarily add costs or other burdens to the real estate financing process will reduce liquidity and increase costs for borrowers.
6. **Appropriately tailor solutions to the current market environment** — Real estate markets today remain fragile. Implementation deadlines should be mindful of stresses on the market and the time needed for complex operational changes.
7. **Maximize competition to lower costs** — Borrowers should benefit from an array of sustainable financing choices. Regulation should be designed to promote a level playing field between lenders and foster greater competition.
8. **Promote uniformity** — Efficient markets rely on consistent and predictable standards. Rules that differ markedly across geographic boundaries or other jurisdictions can lead to higher costs for borrowers.