

October 28, 2013

Dear Representative:

The undersigned organizations request that you cosponsor H.R. 3211, the Mortgage Choice Act.

H.R. 3211 is bipartisan legislation introduced by Representatives Bill Huizenga (R-MI), David Scott (D-GA), Ed Royce (R-CA), Gregory Meeks (D-NY), Spencer Bachus (R-AL), Mike Doyle (D-PA), Steve Stivers (R-OH), Gary Peters (D-MI), Patrick Murphy (D-FL), and Betty McCollum (D-MN). It would make two adjustments to the Truth in Lending Act (TILA) definition of fees and points to ensure greater consumer choice in mortgage and settlement services under the Ability to Repay/Qualified Mortgage (QM) rule.

The QM rule sets the standard for consumer mortgages by providing significant compliance certainty to loans that do not have risky features and meet strict federal requirements. A key requirement is that points and fees for a QM may not exceed 3 percent of the loan amount. The problem arises from the fact that, under current law and rules, what constitutes a "fee" or a "point" varies greatly depending on who is making the loan and what arrangements are made by consumers to obtain title insurance. If the consumer chooses a title insurance provider that is affiliated with the lender, the title insurance charges count, but if the insurance is purchased from an unaffiliated title agency, the title charges do not count. In addition, escrowed homeowners insurance premiums may count as points and fees due to ambiguous drafting in the law. The inclusion of either title insurance or escrowed homeowners' premiums will cause many loans, especially those for low- and moderate-income consumers, to fail the QM test. As a result, many otherwise qualified borrowers will not get access to safe and affordable mortgage credit.

H.R. 3211 endeavors to restore a full and open competitive market by clarifying the definition of fees and points. In doing so, the legislation will ensure consumers have greater access to mortgage credit and also more choices in credit providers.

We ask that you join your colleagues in cosponsoring H.R. 3211.

Sincerely,

Community Home Lenders Association
Consumer Mortgage Coalition
Credit Union National Association
Leading Builders of America
Mortgage Bankers Association
National Association of Federal Credit Unions
National Association of Home Builders
National Association of REALTORS®
Real Estate Services Providers Council, Inc. (RESPRO®)