



March 24, 2015

The Honorable Jeb Hensarling  
Chairman  
Committee on Financial Services  
U.S. House of Representatives  
2129 Rayburn House Office Building  
Washington, DC 20515

The Honorable Maxine Waters  
Ranking Member  
Committee on Financial Services  
U.S. House of Representatives  
2221 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Hensarling and Ranking Member Waters:

On behalf of the Mortgage Bankers Association, I want to express our enthusiastic support for H.R. 685, the Mortgage Choice Act, which the Committee on Financial Services will vote on this week. This bipartisan legislation would modify the definition of "points and fees" used to determine whether a loan meets the Ability to Repay rule's test for Qualified Mortgages (QM).

The Dodd-Frank Wall Street Reform and Consumer Protection Act established the QM as the primary means for mortgage lenders to satisfy its "ability to repay" requirements. Dodd-Frank also provides that a QM may not have points and fees in excess of 3 percent of the loan amount. As currently defined, points and fees include fees paid to affiliated (but not unaffiliated) title companies, as well as amounts of insurance and taxes held in escrow.

As a result of this problematic definition, many affiliated loans, particularly those made to low- and moderate-income borrowers, would not qualify as QMs and would be unlikely to be made or would only be available at higher rates due to heightened liability risks. Consumers would lose the ability to choose to take advantage of the convenience and market efficiencies offered by one-stop shopping.

H.R. 3211 excludes from the definition of points and fees all title charges, regardless of whether they are charged by an affiliated company, provided they are bona fide and reasonable. By amending the definition of points and fees in this manner, the legislation will: (1) promote the availability of safe and affordable mortgage credit; (2) maintain a competitive marketplace, (3) prevent higher prices or the withdrawal of affiliated title service providers in low- and moderate-income marketplaces; and (4) preserve the ability of consumers to choose the benefits of one-stop shopping when they purchase or refinance their home.

Thank you for your leadership on this vital legislation and for your efforts to improve the regulatory environment in a way that helps consumers gain access to sustainable mortgage credit.

Sincerely,

A handwritten signature in black ink, appearing to read "William P. Killmer".

William P. Killmer  
Senior Vice President, Legislative and Political Affairs