

# Secure the Future of Homeownership

## CONGRESSIONAL ACTION NEEDED

Take action to improve the short sales process, support the independence and integrity of appraisals, enact comprehensive reform of the government-sponsored enterprises (Fannie Mae and Freddie Mac), and have regulators establish Qualified Residential Mortgage (QRM) and Qualified Mortgage (QM) rules that allow reasonable access to credit for home buying consumers.

## CONGRESSIONAL ACTIONS TO DATE

During the first session of the 112th Congress, the House Financial Services and Senate Banking Committees held numerous hearings on the housing market, primarily focusing on foreclosure/loss mitigation and the state of the nation's housing. Year-to-date, the House Financial Services Committee has not held any hearings on GSE reform, appraisals, short sales or QRM/QM; the Senate Banking, Housing and Urban Affairs Committee has held only one two-part hearing on the state of the nation's housing. NAR expects that with a renewed focus by the Administration and Congress on housing concerns that additional hearings on all three issues will be initiated and that NAR will be a primary participant.

## WHAT TO TELL YOUR REPRESENTATIVES AND SENATORS

- Reform of the secondary mortgage market should be comprehensive, and the federal government must have a continued key role in the secondary mortgage market in order to ensure that there is capital for mortgage lending in all mortgage markets under all market conditions.
- NAR would like a hearing on H.R. 1498 (Rooney R-FL; Andrews D-NJ) or S. 2120 (Murkowski R-AK; Brown R-MA; Brown D-OH). This legislation requires servicers to decide whether to approve a short sale within a specified time frame of completion of the short sale request.
- Support increased educational standards for appraisers, and support state regulation of ALL appraisers, regardless of their source.
- Congress should insist that the Regulators put forth broad QRM and QM rules that maximize access to reasonable and safe credit for borrowers as Congress intended.

## ISSUE BACKGROUND

### Comprehensive Restructuring of the GSEs is Required

The GSEs, though they have been in conservatorship for more than 3 years, remain critical to ensuring mortgage market liquidity. Removal of the GSEs, without a viable replacement for their secondary mortgage market mission, will mean severely restricted mortgage capital and higher costs for qualified, creditworthy borrowers.

### Expedited Decisions by Lenders/Servicers on Shorts Sales Required

The short sale process still takes many months and countless hours and often requires remarketing because buyers lose patience and terminate the contract. Streamlining short sales will reduce the amount of time it takes to sell the property, improve the likelihood the transaction will close, and reduce the number of foreclosures.

### Maintenance of Appraisal Independence and Integrity

Appraisals continue to be a source of frustration for consumers trying to purchase a home. Geographic competency is the most often cited concern. Overall competency is also an issue, as experienced appraisers leave the market. Regulation of Appraisal Management Companies (AMCs) differs based on the ownership of the AMC. This creates confusion and leads to different standards.

### Establish QRM/QM Rules that Maximize Consumer Access to Credit

The impact of the proposed narrow definition of QRM would be to curtail the ability of creditworthy households from obtaining mortgages to purchase a home. Focusing the QRM exemption on underwriting factors that do not significantly improve loan performance (e.g., a mandatory high percent down level, 20%) means millions of families will fail to qualify for a QRM mortgage and will have to pay higher rates and fees for a mortgage, if they are even able to qualify.