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Dear Senator:

On behalf of the more than 1 million members of the National Association of REALTORS® (NAR) I request that you cosponsor and pass S. 1577, the Mortgage Choice Act, before January 1, 2014.

S. 1577 is bipartisan legislation introduced by Senators Joe Manchin (D-WV), Mike Johanns (R-NE), Carl Levin (D-MI), Pat Toomey (R-PA), Debbie Stabenow (D-MI) and Mark Kirk (R-IL). It would make adjustments to the Truth in Lending Act's (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 mortgages by providing significant compliance certainty to QM loans that do not have risky features and meet certain 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 upon who is making the loan and what arrangements are made by consumers to obtain closing services. As a result of these definitions, many loan originators affiliated with other settlement service providers will not be able to make QM loans to a significant segment of otherwise qualified borrowers.

S. 1577 endeavors to restore a competitive market among lenders by clarifying and rationalizing the definition of fees and points to reduce this discrimination. By doing so, S. 1577 will ensure that consumers have greater access to mortgage credit and also more choices in credit providers. Without S. 1577, both choice and access will be severely reduced, affecting countless consumers and those who serve them.

For these reasons, I ask that you join your colleagues in cosponsoring S. 1577 and work with them to ensure enactment of this critical legislation before the QM rule takes effect at the beginning of 2014.

Sincerely,

Gary Thomas
2013 President, National Association of REALTORS®



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