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March 23, 2015

The Honorable Jeb Hensarling
Chairman
U.S. House of Representatives
Committee on Financial Services
2228 Rayburn House Office Building
Washington, DC 20515

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

Dear Chairman Hensarling and Ranking Member Waters:

On behalf of the over 1 million members of the National Association of REALTORS® (NAR), I ask for your support for H.R. 685, the Mortgage Choice Act, at the upcoming House Financial Services Committee markup. Demonstrating its bipartisan appeal, the Mortgage Choice Act's original sponsors include Representatives Bill Huizenga (R-MI), Gregory Meeks (D-NY), Ed Royce (R-CA), David Scott (D-GA), Steve Stivers (R-OH), Mike Doyle (D-PA), David Joyce (R-OH), Betty McCollum (D-MN) and Stephen Fincher (R-TN).

The National Association of REALTORS® is America's largest trade association, including NAR's five commercial real estate institutes and its societies and councils. REALTORS® are involved in all aspects of the residential and commercial real estate industries and belong to one or more of some 1,400 local associations or boards, and 54 state and territory associations of REALTORS®.

H.R. 685 is a bipartisan compromise bill identical to legislation that passed the House last Congress by voice vote. The measure reduces discrimination against mortgage firms with affiliates in the calculation of fees and points in the Qualified Mortgage (QM) rule. The QM rule sets the standard for mortgages by providing significant compliance certainty to loans that do not have risky features and meet certain requirements. A key requirement for a QM is that points and fees 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 are not be able to make QM loans to a significant segment of otherwise qualified borrowers.

This legislation does not give title insurance and other affiliates a special advantage, carve out or loop hole. Rather, it treats them the same as unaffiliated title and insurance providers who are not subject to the 3 percent cap. Affiliate lender charges still must comply with the 3 percent cap and affiliates remain subject to the Real Estate Settlement Procedures Act (RESPA) and all other consumer protection laws that prevent steering, kickbacks, and unfair practices. Furthermore, they remain subject to the jurisdiction of the Consumer Financial Protection Bureau and its substantial enforcement powers.

H.R. 685 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, H.R. 685 will ensure that consumers have greater access to mortgage credit and also more choices in credit providers. Without H.R. 685, both choice and access are reduced, affecting many consumers and those who serve them. Therefore, REALTORS® ask that you support H.R. 685.

Sincerely,



Chris Polychron
2015 President, National Association of REALTORS®

cc: U.S. House of Representatives Committee on Financial Services

