

February 5, 2018

Dear Representative:

The undersigned organizations request that you vote in favor of H.R. 1153, “The Mortgage Choice Act.”

H.R. 1153 is bipartisan legislation introduced by 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), and David Joyce (R-OH). It would make two adjustments to the Truth in Lending Act (TILA) definition of points and fees to ensure greater consumer choice in mortgage and settlement services under the Ability to Repay/Qualified Mortgage (QM) rule. An identical bill passed the House with greater than two-thirds vote in the last Congress.

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” towards the points and fees cap varies greatly depending upon 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 has caused many loans, especially those for low- and moderate-income consumers, to fail the QM test in situations where the consumer elected to use one stop-shopping. As a result, many otherwise qualified borrowers could not avail themselves of in house services and/or may have received a higher interest rate.

H.R. 1153 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 more choices in credit providers and settlement service options.

For these reasons, we ask that you vote in favor of H.R. 1153, “The Mortgage Choice Act.”

Sincerely,

Consumer Mortgage Coalition
Credit Union National Association
Housing Policy Council of the Financial Services Roundtable
Leading Builders of America
Leading Real Estate Companies of the World
Mortgage Bankers Association
National Association of Federally-Insured Credit Unions
National Association of Homebuilders
The National Association of REALTORS®
Real Estate Services Providers Council, Inc. (RESPRO®)
The Realty Alliance