



NATIONAL  
ASSOCIATION of  
REALTORS®

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Members of the House Finance Service Committee

Vince Malta  
2020 President

Bob Goldberg  
Chief Executive Officer

**ADVOCACY GROUP**  
William E. Malkasian  
Chief Advocacy Officer/Senior Vice President

Shannon McGahn  
Senior Vice President Government Affairs

500 New Jersey Avenue, NW  
Washington, DC 20001-2020  
Phone 202-383-1194  
WWW.NAR.REALTOR

To the honorable members of the House Financial Services Committee:

On behalf of the 1.4 million members of the National Association of REALTORS® (NAR), NAR is pleased to support of H.R. 2445, the Self-Employed Mortgage Access Act.

REALTORS® believe homeownership is an integral part of the American Dream and that the qualified mortgage (QM) rule should be flexible enough to adopt to changing life patterns and not out of reach for individuals and families that lack traditional income documentation. Simultaneously, the rule must provide originators with clarity needed to underwrite mortgages within the letter of the law in order to maintain safety and soundness in the mortgage ecosystem.

Appendix Q, while well intended, has proven static and has not evolved with the needs of the industry and households. H.R. 2445 will promote flexibility for verifying sources of incomes and debt used to estimate a borrowers' ability to repay in an effort to help creditworthy Americans with non-W-2 income sources, including many REALTORS®. Furthermore, the legislation incentivizes the government and enterprise guarantee programs to update their guides to reflect both threats and innovation as these entities bare the credit risk and political risk of such loans.

Finally, REALTORS® understand that income and debt verification is only a portion of the determinants of a borrower's ability to repay. Neither the Enterprises nor government guarantee programs condition acceptance based solely on an income or debt measure. Rather, measures like the debt-to-income (DTI) ratio are used as a guidepost to signal growing risk, which compensating factors are used to offset. Thus, DTI is part of a more holistic view of a consumer's credit risk profile. Several alternative structures were proposed in response to a recent advanced notice of proposed rulemaking by the Consumer Financial Protection Bureau that are still being considered. All of these alternatives need adequate vetting and discussion by the industry, academia, and regulators before the QM rule is reformed and finalized. Thus, replacing appendix Q is a necessary, but not sufficient step in reform of the qualified mortgage rule.

Underwriting is the foundation that America's housing finance system is built upon. REALTORS® thank you for your diligent work to improve the safety and soundness of the American mortgage system with this bipartisan legislation. Homeownership is the American Dream and providing clear rules for lenders and consumers will improve the efficiency with which households can achieve that goal.

Sincerely,

Vince Malta  
2020 President, National Association of REALTORS®



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