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National Association of Federal Credit Unions | www.nafcu.org

October 22, 2013

The Honorable John Boehner
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Re: H.R. 3211, the *Mortgage Choice Act of 2013*

Dear Speaker Boehner and Leader Pelosi:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association exclusively representing our nation's federal credit unions, I write today to call for action on H.R. 3211, the *Mortgage Choice Act of 2013*, introduced by Representative Bill Huizenga on September 28, 2013. We urge you to support this bipartisan commonsense legislation and act on this issue prior to the "ability to repay" provisions from the *Dodd-Frank Wall Street Reform and Consumer Protection Act* taking effect in January of 2014.

As currently defined, "points and fees" include, among other charges, fees paid to affiliated title companies, salaries paid to loan originators, amounts of insurance and taxes held in escrow, loan level price adjustments, and payments by lenders to correspondent banks, credit unions and mortgage brokers in wholesale transactions. As a result of this troublesome definition, many affiliated loans would not qualify as Qualified Mortgages (QMs). Non-QM loans would be less likely to be made or would only be available at higher rates due to heightened liability risks. In a September 2013 survey of NAFCU member credit unions, nearly 72% of respondents indicated that they would not make non-QM loans once the new rule goes into effect. Without Congressional action on this issue, consumers would lose the ability to choose to take advantage of the convenience and market efficiencies offered by one-stop shopping.

The *Mortgage Choice Act of 2013* would make important changes that would exclude title charges from the "points and fees" definition, and clarify that escrow charges should be excluded from any calculation of "points and fees." These changes would greatly improve the definition of "points and fees" used to determine whether a loan meets the QM test, and would ensure that those with low and moderate means would continue to be able to obtain their mortgages from their credit union at a reasonable price.

Thank you for your attention to this important matter. We appreciate the opportunity to voice our concerns, and hope you will support and act on H.R. 3211, the *Mortgage Choice Act of 2013* in a timely manner. Should you have any questions or need additional information, please do not hesitate to contact myself or NAFCU's Director of Legislative Affairs, Jillian Pevo, at 703-842-2836 or jpevo@nafcu.org.

Sincerely,

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the United States House of Representatives