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Chairman Scott Garrett
2232 Rayburn House Office Building
Washington, DC 20515

Ranking Member Carolyn Maloney
2308 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Garrett and Ranking Member Maloney:

On behalf of the 1 million members of the National Association of REALTORS® (NAR), who are involved in all types of real estate transactions, thank you for holding tomorrow's hearing entitled "The Dodd-Frank Act's Impact on Asset-Backed Securities." Section 941 of the Dodd-Frank Act adds a new section 15G to the Securities Exchange Act of 1934 that requires securitizers to retain 5% of the credit risk of a residential mortgage asset that it sells to a third party. Section 15G(e)(4) requires the regulators to define and exempt a Qualified Residential Mortgage (QRM). As Congress begins to examine recently proposed and finalized mortgage lending rules, we believe it is critical for lawmakers to urge regulators to construct a QRM rule that mirrors the newly implemented Qualified Mortgage (QM) rule.

The Dodd-Frank Wall Street Reform Act established the QM rule as the primary means for mortgage lenders to satisfy its "ability to repay" requirements. NAR has been generally supportive of the Consumer Financial Protection Bureau's (CFPB) efforts to craft a QM rule that is not unduly restrictive and provides a safe harbor for lenders making QM loans. Last year, the six federal regulators published a revised proposed rule that would equate QRM with the newly implemented QM standard issued by the CFPB.

In synchronizing both definitions, the revised rule encourages safe and financially prudent mortgage financing while also ensuring creditworthy homebuyers have access to safe mortgage financing with lower risk of default. In addition, consistency between both standards reduces regulatory burden and gives mortgage professionals much-needed clarity and consistency in the application of the important mortgage standards required pursuant to Dodd-Frank.

We are already in a tight credit environment. The QM and other rules effectively ban the types of products and processes that led to the mortgage crisis. Congress should support, and regulators should establish, a QRM that mirrors the QM. This will ensure that consumers who have the ability to repay their loans will have the access to affordable credit they deserve.

NAR thanks the Subcommittee members for their attention to this issue. We look forward to working with Congress and the Administration on efforts to address the challenges still facing the nation's housing markets.

Sincerely,

Steve Brown
2014 President, National Association of REALTORS®



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cc: Members of the House Financial Services Subcommittee on Capital Markets and Government Sponsored Enterprises