

February 27, 2015

The Honorable Andy Barr  
1432 Longworth House Office Building  
Washington, D.C. 20515

Dear Congressman Barr:

On behalf of the members of the American Bankers Association (ABA), I am writing to offer our strong support for H.R. 1113, the Portfolio Lending and Mortgage Access Act. This important legislation would provide that loans originated by insured depository institutions and held in portfolio are treated as Qualified Mortgages under the Truth in Lending Act.

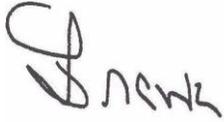
Portfolio lending is among the most traditional and lowest risk lending in which a bank can engage. Loans held in portfolio are well underwritten and conservative by their very nature. They must be for the safety and soundness of the bank. If a loan is to be held in a bank's portfolio, the bank carries all of the credit and interest rate risk of that loan until it is repaid. Existing mortgage rules, especially those governing Ability to Repay and Qualified Mortgage status under the Truth in Lending Act are very restrictive and have made it difficult and in some cases impossible for banks to make these otherwise safe and sound loans to creditworthy borrowers. The Consumer Financial Protection Bureau (CFPB) has recognized this, and attempted to address the constriction in credit caused by these rules by expanding small, rural and underserved exemptions. We appreciate the CFPB's work on this, but more relief is needed, not just in rural and underserved areas served by smaller institutions.

Borrowers in all parts of the nation should be able to get safe, sound and well underwritten loans. Loans held in portfolio by an insured depository institution are such loans. Further hurdles to meet Ability to Repay and Qualified Mortgage status - and the liability imposed on loans not meeting that status - only serve to keep creditworthy borrowers from getting much needed mortgage credit. Your legislation recognizes this problem and provides a simple solution.

Loans originated and held in portfolio by insured depositories, which are heavily regulated and regularly examined for safety and soundness should be treated as Qualified Mortgages. Doing so will reduce the liability faced by the bank in the unlikely event that the borrower defaults. Should the loan be sold out of portfolio this treatment would no longer apply, and the purchasing institution would be required to take on the additional liability in the event of a default. This common sense approach will help untold numbers of borrowers gain access to some of the most traditional and lowest risk mortgage products offered by banks.

This proposal, which received bipartisan support in the last Congress, is a key component of ABA's Agenda for America's Hometown Banks. We applaud you for introducing this vitally important measure to help banks serve the mortgage needs of their communities and we look forward to working with you and members of the House on the passage of this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "F. Keating". The signature is stylized and written in a cursive-like font.

Frank Keating

cc: Members of the House of Representatives