

July 9, 2013

The Honorable Bill Huizenga
U.S. House of Representatives
1217 Longworth House Office Building
Washington, D.C. 20515

Dear Representative Huizenga:

I am writing on behalf of the American Bankers Association to convey our support for your legislation, H.R. 1077, the Consumer Mortgage Choice Act.

This bill makes needed clarifications to key provisions of the points and fees test determining whether a loan transaction meets the elements of the Qualified Mortgage test under the Dodd-Frank Act. Specifically, the bill would exclude lender-paid compensation to a correspondent bank in a wholesale transaction. Under current law, inclusion of this payment could cause a loan to exceed the 3 percent cap on points and fees, while a loan with the same interest rate and out of pocket costs made by a retail lender would not.

Many community banks, particularly in rural areas, operate exclusively through the wholesale origination channel, rather than building a retail brand presence in the market. Treating them differently would threaten their economic viability, and deprive low- and moderate-income homebuyers and rural customers of an important source of affordable mortgage credit.

ABA appreciates the changes to the underlying Qualified Mortgage rules included in H.R. 1077 and supports its passage. More urgently, however, we seek to ensure a longer implementation period to ensure that all participants in the mortgage process have time to adequately comply.

As Congress considers H.R. 1077 and any other related legislation, we urge the inclusion of language to delay for one year the implementation of the pending mortgage rules currently scheduled to be implemented by the Consumer Financial Protection Bureau in January 2014.

Sincerely,



James C. Ballentine

cc: Members of the House Financial Services Committee