

Dear Congressman,

I am writing today to urge you to support H.R. 1077 and H.R. 2767. I am worried about the damage that QM will do to small brokerages and consumer loan companies. Passage of this bill will appropriately amend the definition of what is included under the 3% cap on points and fees (or income) required by the new Qualified Mortgage (QM) rule going into effect January 10, 2014.

As the rule is written today, it will severely limit my ability to shop for and receive a competitive rate:

- Fannie Mae and Freddie Mac charge adjustments to offset their risk on all loans that they purchase. My lender and I do not have any control over these charges. Requiring that they be counted in the 3% is blatantly unfair to the broker community as these identical charges will not be counted for banks.
- The language regarding escrow fees currently is ambiguous at best. The taxes and insurance that are held in escrow are not income for the lender, and are required to be paid by every home owner. Additionally, the Home Owners Equity Protection Act (HOEPA) has specifically excluded escrow fees from being considered points and fees. Including them in the 3% cap is not a useful way to ensure that I am protected.
- Should I choose to use a mortgage broker for my home loan, their compensation is counted in the 3%, and disclosed to me multiple times throughout the transaction. Additionally, since April of 2011, loan officers can no longer vary their compensation. Per federal law, they cannot receive any YSP. Should I choose to use any other type of lender, their compensation is **not** included in the 3%, and is never disclosed to me. QM does not “level the playing field” regarding loan officer compensation nor does it disclose to me how banks are compensated.
- Should the company providing title services be affiliated with the lender, their fees will be included in the cap. Title is a highly regulated industry and the fees that title companies are allowed to charge are highly regulated. The inclusion of affiliated title charges in the cap, and exclusion of unaffiliated title charges in no way affords me any additional protection as the borrower.

Please consider passage of H.R. 1077 or H.R. 2767. By passing 1077 or 2767, you will be ensuring that my rights are protected, while supporting smaller local businesses who are trying to provide me with the best rate and loan for my personal situation.

Sincerely,