

## "Mortgage Choice Act" passes House

By: Jann Swanson | Tue, Jun 10 2014, 1:12 PM

A bill **modifying the definition of points and fees** under the Truth in Lending Act passed the House of Representatives yesterday on a voice vote. HR 3211, the Mortgage Choice Act of 2013, exempts from the Qualified Mortgage (QM) cap on points and fees any affiliated title charges and escrow charges for taxes and insurance. The bill was introduced by Bill Huizenga (R-MI) and Gregory Meeks (D-NY).

The bill specifically exempts fees paid to businesses **affiliated with the lender**, such as title companies, from the computation of points and fees under the QM cap. Fees paid to unaffiliated businesses were already exempt.

Passage of the bill had been **strongly advocated** by the National Association of Federal Credit Unions (NAFCU) and the Mortgage Bankers Association (MBA) among others and opposed by consumer advocacy organizations such as the Center for Responsible Lending (CRL) and the Consumer Federation of America (CFA).

NAFCU vice president of legislative affairs Brad Thaler sent a letter to House leaders prior to the vote saying the changes made by the bill "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."

In a letter sent to members of Congress earlier in the bill's history, 19 consumer groups including CRL and CFA charged that title insurance fees are grossly inflated and add \$1,000 or more to the upfront costs of many mortgages. "The approach taken in this bill, which is misleadingly named the Mortgage Choice Act, leaves the door open for abuses that were typical in the recent subprime crisis. During the subprime lending boom, borrowers often paid excessive origination costs; Dodd-Frank's Qualified Mortgage provisions aim at restoring a fair market." The letter said that passage of HR 3211 would allow lenders to **continue to steer** borrowers toward title insurance at unaffordable rates.

**David H Stevens**, President and CEO of MBA commended the House for approving the legislation. In a statement on behalf of the Association Stevens said, "Proper implementation of the ability to repay and QM requirements is crucial to allowing credit-worthy consumers to purchase or refinance a home at affordable rates."

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