

NCAMP's Comments for Federal Register on QRM

Credit Risk Retention/Qualified Residential Mortgage: July 22, 2011

The North Carolina Association of Mortgage Professionals

Docket /RIN or other identifying numbers:

OCC -2011-0002

Federal Reserve 2011-1411

Federal Deposit Insurance Corporation RIN 3064-AD74

Federal Housing Finance Agency RIN 2590-AA43

Securities and Exchange Commission File Number S7-14-11

Department of Housing and Urban Development FR-5504-P-01, RIN 2501-AD53

We appreciate the opportunity to comment of the Qualified Residential Mortgage proposal. The North Carolina Association of Mortgage Professionals (NCAMP) has a keen interest in the outcome of the proposition because the passage in its current form will adversely affect the professional mortgage loan officer's ability to deliver affordable mortgage products to deserving home buyers and home owners.

The limitations on down payment, income/debt ratios and loan type are entirely too strict under the current QRM proposal. The guidelines set forth in the proposed rule are so harsh that many deserving borrowers whose loans would perform admirably under current market guidelines would cost more in interest rate and fees or be taken out of the marketplace all together. Inevitably many deserving borrowers and home buyers will be disenfranchised from home ownership.

Many mortgage lenders, particularly small lenders and community banks, will be driven out of the mortgage lending business because of far too restrictive capital restraints. Even the larger national lending institutions will undoubtedly feel a major burden and could decide to abandon the mortgage lending arena altogether leaving the consumer with little options with regards to mortgage lending. The capability of putting a 5% reserve requirement for loans that are not considered qualified will cause a major strain on the lenders ability to survive because the necessary capital to meet these proposed guidelines is prohibitive. The effect of this rule will be seen in all mortgage loan origination channels. Home ownership will be severely impacted because removal of funds from the marketplace to meet

reserve requirements eliminates access to capital to home buyers and home owners. A reduction of capital from the marketplace would present a devastating blow to an already fragile economy.

Home ownership is a key factor in the stabilization of our economy. Removal of funds from the marketplace, too constrictive underwriting rules, lack of competition and much higher cost to the consumer would be a catalyst that would steer our economy into even greater turmoil. Based on data from CoreLogic Inc., nearly 25 million current homeowners would be denied access to a lower rate QRM to refinance their home because they do not currently have 25 percent equity in their homes... Even with a 5 percent minimum equity standard, almost 14 million existing homeowners – many undoubtedly with solid credit records – will be unable to obtain a QRM. In short, the proposed rule moves creditworthy, responsible homeowners into the higher cost non-QRM market.

In general it is our strong belief that the government should not be in the business of underwriting loans. Lending practices have already been constricted and modified to manage credit risks. This rule is an overreaction to a bad situation. We need to give safe harbor a chance to work.

The NCAMP board on behalf of current membership and the consumers the members serve strongly recommend that the Credit Risk Retention/QRM be eliminated.