

September 14, 2012

Honorable Richard Cordray
Director, Bureau of Consumer Financial Protection
1700 G St., NW
Washington, DC

Dear Director Cordray:

We write to you today regarding the Qualified Mortgage (QM) rule under the Bureau's pending Ability to Repay Rule. Considering the ongoing debate on this issue, and the critical importance of the QM rule, we think it is essential that we reiterate very clearly where we stand.

The undersigned trade associations, on behalf of thousands of lenders nationwide that represent all segments of the mortgage lending industry from the smallest community lenders to the largest depositories, want to express our continued strong support for a QM that meets three critical requirements:

1. The QM must be **broadly defined** to include the vast majority of very high quality loans being originated in today's market;
2. The product, documentation and underwriting requirements must be based on **objective, bright line standards**; and
3. Lenders and investors must be granted a clearly defined **legal safe harbor** from ability to repay litigation when they originate loans that meet the QM standards.

We believe a broad definition of QM with bright line standards embedded in a legal safe harbor is the only sure means to serve the widest array of qualified borrowers with affordable credit. A legal safe harbor with such standards will reduce the uncertainty associated with QM litigation and ease the need for lenders and investors to establish conservative credit overlays. At the same time, it will permit claims by borrowers when the standards have not been met. In short, a safe harbor will result in far more mortgage borrowers obtaining sustainable credit than a QM rule with a rebuttable presumption.

We appreciate your attention to our concerns, as the decision on how to structure the QM is the most critical mortgage lending issue the CFPB must decide and will impact lenders and home loan borrowers alike. The right approach will ensure that qualified borrowers have access to affordable mortgage loans for years to come.

We would greatly appreciate the opportunity to discuss these issues with you at your earliest convenience.

Sincerely,

American Bankers Association
American Financial Services Association
Consumer Bankers Association
Community Mortgage Banking Project
Consumer Mortgage Coalition
Credit Union National Association

Housing Policy Council of the Financial Services
Roundtable
Independent Community Bankers of America
Mortgage Bankers Association
National Association of Federal Credit Unions