

FOR IMMEDIATE RELEASE
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COALITION FOR SENSIBLE HOUSING POLICY
RESPONDS TO COMMENTS FROM REP. BARNEY FRANK (D-MA)

(Washington, DC) - The following statement was issued by the Coalition for Sensible Housing Policy in response to remarks made this morning by Rep. Barney Frank (D-MA):

Risk retention is an appropriate policy when it targets risky loan features. Because across-the-board risk retention would impose additional costs on responsible, creditworthy borrowers, legislators also created an exemption for “Qualified Residential Mortgages (QRM).”

The QRM was intended to include mortgages with product features and sound underwriting standards that have been proven to reduce the risk of default. The statistics are clear and safe, stable mortgage products – using full documentation, verified income and assets, and mortgages without exotic and unstable features – are the best way to reduce default risk.

Down payments are a factor in loan performance, but the most important factor is strong and documented underwriting and sensible loan features.

Requiring a 10 or 20 percent minimum down payment **in addition to strong** underwriting would raise the cost and reduce the availability of mortgages for creditworthy families without the wealth or savings for a down payment, but do so with only minor improvements in overall default rates. The Coalition believes this is an unnecessary trade-off that would have a disproportionate impact on moderate income and minority families.

An unduly narrow QRM definition will jeopardize the already fragile housing recovery. President Obama acknowledged on July 6th that the housing crisis has “probably been the area that’s been most stubborn to us trying to solve the problem.”

The Coalition supports requiring securitizers of mortgages without sound underwriting or with unstable features to retain risk. We urge policy-makers to redesign a QRM that will support – not hinder – the housing recovery, attract private capital and minimize future defaults without shutting responsible borrowers out of the housing market.

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The Coalition for Sensible Housing Policy

American Bankers Association	Mortgage Insurance Companies of America
American Escrow Association	NAACP
American Financial Services Association	National Association of Federal Credit Unions
American Land Title Association	National Association of Hispanic Real Estate Professionals
American Rental Property Owners and Landlords Association	National Association of Home Builders
Asian Real Estate Association of America	National Association of Human Rights Workers
Black Leadership Forum	National Association of Neighborhoods
Center for Responsible Lending	National Association of Real Estate Brokers
Colorado Mortgage Lenders Association	National Association of REALTORS®
Community Associations Institute	National Community Reinvestment Coalition
Community Mortgage Banking Project	National Fair Housing Alliance
Community Mortgage Lenders of America	National Housing Conference
Community Reinvestment Coalition of North Carolina	National NeighborWorks Association
Consumer Federation of America	National Urban League
Council Of Federal Home Loan Banks	National Real Estate Investors Association
Credit Union National Association	North Carolina Institute for Minority Economic Development
Enterprise Community Partners, Inc.	Real Estate Services Providers Council
HomeFree USA	Real Estate Valuation Advocacy Association
Independent Community Bankers of America	Realty Alliance
International Association of Official Human Rights Agencies	Texas Bankers Association
Louisiana Bankers Association	U.S. Conference of Mayors
Mortgage Bankers Association	Worldwide ERC