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**Coalition for Sensible Housing Policy Releases New Analysis:  
Updated QRM Proposal Strikes Balance**  
*Preserves Access While Safeguarding Consumers and Market*

**Washington, D.C.** – A diverse coalition of 51 consumer organizations, civil rights groups, housing organizations, lenders, real estate professionals and insurers today affirmed support for the the re-proposed Qualified Residential Mortgage (QRM) rule currently in comment period. The Coalition for Sensible Housing Policy released a new white paper detailing how alignment of the CFPB’s Qualified Mortgage rule (QM), released earlier this year, with QRM protects the marketplace while ensuring borrowers have access to safe mortgages. The white paper will also be submitted to regulators during the rulemaking’s public comment which ends October 30.

“The Coalition strongly supports the re-proposed rule’s primary recommendation to incorporate the Qualified Mortgage (QM) standard to define the Qualified Residential Mortgage (QRM). This approach achieves the twin objectives of protecting the marketplace while ensuring borrowers have access to safe mortgages. Investors will remain confident they can rely on the quality of mortgages underlying securitizations and creditworthy borrowers will be able to obtain access to conventional financing for safe, sustainable mortgages,” the group wrote in the paper. “At the same time, it also assures that loans with the highest risk – those with the product features explicitly excluded by QM – will be subject to the risk retention rules for asset backed securities.”

Importantly, new data within the paper, titled “Updated QRM Proposal Strikes Balance: Preserves Access While Safeguarding Consumers and Market,” indicates the underwriting and loan product limitations mandated through QM effectively limit the risk of default without excluding large members of creditworthy borrowers.

**New analysis by The Urban Institute shows the new proposed QRM will reduce the risk of default and delinquency by more than half:**

- Loans purchased by Freddie Mac and Fannie Mae that met the re-proposed QRM standard had default rates of **4.1 percent** as compared to **8.7 percent** for mortgages that did not qualify for QM status.
- The delinquency rate for mortgages in private label securities originated in or prior to 2013, that did not meet the re-proposed QRM standard, was **30.6 percent**. The delinquency rate for purchase and refinance loans that met the new QRM proposal was nearly two thirds lower at **12.6 percent**.

While some have argued for an alternative approach, which would require borrowers to make a 30 percent down payment, the coalition opposes this notion. A 30 percent down requirement, otherwise known as ‘QM-Plus’, is essentially a restriction with difficult credit standards for creditworthy borrowers to access mortgage credit.

“In synchronizing the definition of QRM with QM, the revised rule will encourage safe and financially prudent mortgage lending, while also creating more opportunities for private capital to reestablish itself as part of a robust and competitive mortgage market,” the paper concluded. “Most importantly, it will help ensure creditworthy homebuyers have access to safe mortgage financing with lower risk of default.”

The entire white paper can be found here [http://sensiblehousingpolicy.org/uploads/White\\_Paper.pdf](http://sensiblehousingpolicy.org/uploads/White_Paper.pdf).

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*The Coalition for Sensible Housing Policy is a diverse coalition of more than 50 consumer organizations, civil rights groups, lenders, real estate professionals united in their opposition to high down payment requirements that could freeze credit-worthy Americans out of the housing market. For more information, including a full list of members, visit [www.sensiblehousingpolicy.org](http://www.sensiblehousingpolicy.org).*