

# ALTA NEWS

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Contact: Justin Ailes  
Office: 202-261-2937  
Cell: 202-631-0061  
E-mail: [jailes@alta.org](mailto:jailes@alta.org)

**AMERICAN  
LAND TITLE  
ASSOCIATION**



**For Immediate Release**

## **American Land Title Association Joins Bipartisan Members of Congress to Urge Regulators to Go Back to the Drawing Board on QRM**

**Washington, D.C., June 22, 2011** — The [American Land Title Association](http://www.alta.org), the national trade association for the land title insurance industry, joined more than 300 members of Congress and a diverse coalition of more than 40 organizations to urge federal regulators to go back to the drawing board on their proposed risk retention provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank).

As written, the Qualified Residential Mortgage definition violates Congressional intent, makes homeownership more expensive for millions of responsible consumers and jeopardizes the fragile housing recovery. In addition to not restricting credit to worthy borrowers, ALTA believes the QRM definition should include sensible underwriting features that are proven to reduce risk.

“The proposed regulation as written poses a significant risk because it does not require lenders to undertake commonsense underwriting steps to identify and establish who possesses the legal right to the property,” said Justin Ailes, Vice President of Government Affairs for ALTA. “ALTA strongly encourages regulators to protect consumers and investors by drafting a QRM that does not unnecessarily restrict credit and transfers legal title risks to state regulated insurance companies.”

A portion of the Dodd–Frank Act sets out a new requirement that forces lenders to retain 5 percent risk for any loans they sell on the secondary market. Exempted from the act’s risk-retention requirements, however, are mortgage-backed securities composed entirely of certain high-quality, lower-risk QRMs. A proposal by federal regulators would require future homebuyers to put down at least 20 percent of the purchase price of a home and meet strict income requirements to qualify for the loan with the lowest interest rates.

More than 300 members of Congress have called the proposed QRM regulation “unduly narrow” and reiterated that well-underwritten loans, regardless of down payment, did not cause the mortgage crisis and the proposed QRM would cause particular harm to first-time and minority homebuyers.

“The purpose of the QRM was intended to define well-underwritten, safe, and stable mortgages that would attract responsible liquidity back to the private market and be accessible to a broad range of borrowers, however, the proposed QRM definition will harm many creditworthy borrowers while hampering the housing recovery,” Ailes said. “Investors and consumers deserve a benchmark that includes protection of their legal right to the property. Underwriting the real property that will serve as collateral for the mortgage loan is a fundamental part of the underwriting process and can be achieved by utilizing a title search backed by a title insurance policy to investigate, identify, and analyze the state of title to the collateral, thus reducing risk of loss for investors.”

### **About ALTA**

The [American Land Title Association](#), founded in 1907, is a national trade association representing more than 3,800 title insurance companies, title agents, independent abstracters, title searchers, and attorneys. With offices throughout the United States, ALTA members conduct title searches, examinations, closings, and issue title insurance that protects real property owners and mortgage lenders against losses from defects in titles.

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