

ALTA NEWS

Contact: Jeremy Yohe
Office: 202-261-2938
Cell: 202-590-8361
E-mail: jyohe@alta.org

**AMERICAN
LAND TITLE
ASSOCIATION**



For Immediate Release

American Land Title Association Supports Federal Regulators' Extension of Comment Period for Qualified Residential Mortgage

Washington, D.C., June 6, 2011 — The [American Land Title Association](http://www.alta.org) (ALTA), the national trade association of the land title insurance industry, announced its support of federal regulators' decision to extend the comment period for the Risk Retention and Qualified Residential Mortgage (QRM) provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank). The deadline to submit public comments on the QRM was to expire June 10.

"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," said Kurt Pfothenauer, Chief Executive Officer of ALTA. "Investors and consumers deserve a gold standard that includes protection of their legal right to the property. Due to the complexity of the proposed rule and its interconnections with other rules still being developed by regulators, this extension is appropriate. Once we have the opportunity to understand how this rule will work in the new scheme required under last year's financial overhaul, we will better be able to provide regulators with the necessary commentary to avoid any unintended consequences which could ultimately harm consumers and investors."

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. Proposed rules 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.

ALTA joined 11 other trade associations warning federal regulators [in a whitepaper](#) that the proposed QRM definition will harm many creditworthy borrowers while hampering the housing recovery. Congress rejected establishing high minimum down payments because they are not a significant factor in reducing defaults compared to other underwriting and product features. The three sponsors of the QRM provision, Senators Landrieu, Hagan and Isakson, sent letter to the regulators saying they specifically rejected a minimum down payment standard for the QRM. The letter was signed by 160 members of Congress, including 40 Senators.

The justification of qualified residential mortgages is to generate a finance structure that encourages responsible lending and borrowing. However, ALTA believes that the proposed regulation misses the mark because it does not require lenders to undertake common-sense underwriting steps to identify and establish who possesses the 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,” Pfotenhauer said.

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.

###