

From: Monica Brown
Proposal: 1417 (RIN 7100-AD75) Reg Z - Mortgage Repayment Standards
Subject: Reg. Z

Comments:

Being a mortgage professional since 2007, I have seen the industry go through many changes that have adversely as well as positively affected this business. I am writing to show my support for a bright line safe harbor, which will enable our industry to continue providing the best service possible to the well qualified customer, as well as the lower to moderate income customer.

I personally feel that not passing the safe harbor could be detrimental to every mortgage company doing business today. Conducting business in a town with a population of less than 30,000, this rule can put our company out of business completely. Due to the fact that 70% of customers would not qualify for a QRM, and the expenses of a QM would be too costly. Average Debt to Income Ratio in a lower income population is normally between 36%-41%, which assures these customers would not have an option for a QRM, making the cost of their loan much higher. Meeting the 80% LTV requirement would put a freeze on most lending abilities as well, due to inability of borrowers to save the funds for such a high down payment in a timely manner.

With such a low amount of consumers that meet the QRM guidelines, lenders will be too concerned about complying with the strict rules that many customers will be turned away, which will affect the mortgage industry in the opposite way this rule is intended.

The continuation of the best lending services will be accomplished if the final rule simply defined a QRM to exclude loans with risky product features and required documentation and verification as part of loan underwriting.

Sincerely,

Monica Brown
HNB Mortgage