



## QRM Rule May Decimate Recovering Housing Market

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As the federal government tries to keep another mortgage meltdown at bay, lawmakers are slowly whittling away at the American dream of home ownership. [Politicians are considering a move](#) to require most Americans looking for a mortgage to contribute 20% of the loan amount as a down payment.

### Who is Affected?

The QRM ([qualified residential mortgage](#)) Rule would affect a large segment of people in the United States today. Here's how it works: anyone looking to buy a home would be required to have a 20% down payment, or their lender would be required to retain 5% of the mortgage risk. Lenders (Banks) don't want that kind of regulation to take on risk. And if they do decide to accept the additional risk, then the required interest rate will be significantly higher (as much as 3 percent) than a 20% down loan. This will make it harder still to qualify for the loan.

### The Numbers

Daniel Indiviglio, an associate editor at The Atlantic, says the requirement could mean potential home buyers would have to [wait 14 years to save up](#) a big enough down payment. Here's why:

- ✓ The median home price in 2009 was \$172,000.
- ✓ A 20% down payment would be \$43,025.
- ✓ A median salary in 2009 was just under \$50,000.
- ✓ A "responsible" saver should be able to handle \$250 a month.

It would take about 14 years to save up enough money for a down payment. If a home buyer can save \$500-\$600 every month, this figure could come down significantly.

### Unpopular Proposal

This move is coming from the top: [the Obama administration](#). However, at least one well-known Democrat has come forward [against the QRM Rule](#). Rep. Barney Frank says the 20% down payment seems too high. The FHA is also concerned. Acting commissioner Bob Ryan says it's likely the requirement will keep credit-worthy borrowers from securing low-cost QRM loans.

### What's Next?

Home buyers have a few options. A Rural Development loan is a 100% financing option. In general, FHA programs require 3.5% down right now. AmeriFirst Home Mortgage is ready to take on the task of educating the public about this issue. [Contact us](#) for an interview today.

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