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United States Senate
Washington, DC 20510

Dear Senator:

On behalf of the 1.3 million members of the National Association of REALTORS® (NAR), I want to express NAR's support for S. 2155, the "Economic Growth, Regulatory Relief and Consumer Protection Act."

This bipartisan legislation includes several provisions that are positive steps for our nation's housing sector. First, S. 2155 includes a critically important proposal requiring Fannie Mae and Freddie Mac to accept alternative credit scores. Fannie Mae and Freddie Mac are the largest mortgage purchasers in the nation, but they rely on credit score models that do not take into account factors as simple as whether borrowers have paid their rent or utility bills on time. New credit scoring models that incorporate additional predictive metrics and payment history will open homeownership opportunities for many minority and underserved borrowers who lack access to traditional forms of credit.

Second, the legislation gives the Consumer Financial Protection Bureau (CFPB) the authority to regulate Property Assessed Clean Energy (PACE) lenders and require them to corroborate a homeowners' ability to repay loans levied as tax assessments on their homes. While energy efficiency upgrades are positive home improvements, these loans do not have to conform with ability-to-repay standards and certain consumer disclosures that apply to home mortgages. Unfortunately, some borrowers enter into these contracts without understanding the impact PACE loans have on the resale of their property.

Additionally, S. 2155 would amend the Federal Deposit Insurance Act to clarify specific requirements for acquisition, development, or construction (ADC) loans. The High Volatility Commercial Real Estate Exposures (HVCRE) Rule requires banks to hold higher capital levels against certain ADC loans. S. 2155 provides clear guidance to lenders on which loans qualify as HVCRE and thus must comply with the higher risk-weight, as well as specific exemptions to that requirement, resolving confusion and discrepancies in how it is applied.

In many areas of the country, manufactured homes are the best option for quality affordable housing. REALTORS® support clarifying that manufactured home retailers and salespersons are not loan originators. This legislation excludes manufactured housing retailers and sellers from the definition of a loan originator, so long as they do not receive compensation or gain for taking residential mortgage loan applications.

Moreover, a major data breach at Equifax has put millions of Americans at risk for fraud and inaccuracies in their credit reports. Sensitive information critical to all Americans' livelihood has been insufficiently safeguarded. REALTORS® are encouraged S. 2155 includes enhanced security freeze and fraud alert options for consumers.

Finally, S. 2155 would safeguard access to Habitat for Humanity and other nonprofit supported homes by allowing appraisers to donate their valuation services.

REALTORS® believe that balanced financial regulation and appropriate consumer protection will result in a more vibrant housing market and overall economy. NAR urges Congress and the Administration to enact S. 2155 into law.

Sincerely,

Elizabeth J. Mendenhall

Elizabeth Mendenhall
2018 President, National Association of REALTORS®

EQUAL HOUSING OPPORTUNITY