



NATIONAL  
ASSOCIATION of  
REALTORS®

Elizabeth Mendenhall  
2018 President

Bob Goldberg  
Chief Executive Officer

**ADVOCACY GROUP**

William E. Malkasian  
Chief Advocacy Officer/Senior Vice President

Jerry Giovaniello  
Chief Lobbyist

500 New Jersey Ave., NW  
Washington, DC 20001-2020  
Ph. 202-383-1194  
WWW.NAR.REALTOR

March 26, 2018

The Honorable Jerry McNerney  
United States House of Representatives  
2265 Rayburn House Office Building  
Washington, DC 20515

The Honorable Walter B. Jones  
United States House of Representatives  
2333 Rayburn House Office Building  
Washington, DC 20515

Dear Representatives McNerney and Jones:

On behalf of the 1.3 million members of the National Association of REALTORS® (NAR), I want to express NAR's support for H.R. 5237, the "Fast Help for Homeowners Act." The Association believes this legislation will help speed up the short sale process and aid homeowners who may otherwise be facing foreclosure.

A short sale generally costs the lender less than a foreclosure and is a viable way for a lender to minimize its losses. REALTORS® are continually astonished by the number of short sales that servicers allow to dissolve due to the length of time required to render a decision or their unfounded views of current home values. Unfortunately, such actions usually result in the potential homebuyer canceling the purchase contract and the property heading into foreclosure.

According to CoreLogic, at the peak of the recession, nearly 25 percent of mortgages were underwater and some were able to complete a shortsale, but many ended in foreclosure. Worse, academic research has shown a negligible effect from a short sale on local home prices, whereas a real estate owned (REO) or foreclosure could reduce nearby home prices by as much as 8 percent. The effects of foreclosures are also devastating, resulting in vacant properties in communities that lower taxpayer's property values and shrink income that is used by local governments to build and maintain our infrastructure.

Enormous amounts of time are spent on potential short sales that result in foreclosures. Even if successful, the process still takes many months and countless hours and often requires re-marketing of the property because buyers lose patience and terminate the contract. The short sale process is even more challenging to complete if the property owner has two mortgages loans on the property. In these situations, cooperation of the first lender and second mortgage lender are needed for the process to move forward, creating unnecessary difficulty and frustration for the property owner.

H.R. 5237 helps to streamline the short sale process by requiring a lender holding a second mortgage on a property to review and make a decision on a short sale agreement within 30 days. If the lender does not make a decision within that time frame, the short sale will be deemed approved on the 30th day.

Establishing a timeframe for responding to potential buyer offers will reduce the amount of time it takes to sell the property, improve the likelihood the transaction will close, and reduce the number of foreclosures. This will benefit the lender, the seller, the buyer, and more importantly, the community.

REALTORS® thank you for your diligent work to help alleviate this problem within the housing sector's loss mitigation process.

Sincerely,

*Elizabeth G. Mendenhall*

Elizabeth Mendenhall  
2018 President, National Association of REALTORS®



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