



NATIONAL
ASSOCIATION of
REALTORS®

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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

The Honorable Steve Pearce
2432 Rayburn House Office Building
Washington, DC 20515

The Honorable Denny Heck
425 Cannon House Office Building
Washington, DC 20515

Re: NAR Supports H.R. 5287, the “Preserving Access to Rural Installment Transactions for Years

Dear Representatives Pearce and Heck:

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. 5287, the “Preserving Access to Rural Installment Transactions for Years (PARITY) Act of 2018.” This legislation would amend the Truth in Lending Act (TILA) to exempt from the definition of loan originator a seller providing financing for the sale of five or fewer properties in one calendar year.

A borrower’s credit score is a critical access factor when trying to enter the housing market. According to the Urban Institute, the average FICO score for mortgages backed by Fannie Mae and Freddie Mac is roughly 750 and 680 for mortgages backed by the FHA. As a result, these tight credit standards have resulted in fewer banking options for creditworthy Americans looking to finance a home purchase.

Seller financing with proper safeguards is one way to responsibly provide mortgage options for prospective homebuyers. This type of financing allows a property buyer to finance the purchase of a home directly through the person or entity selling it. Seller financing can be used when the prospective buyer cannot obtain funding through a conventional mortgage lender, or is unwilling to pay the prevailing market interest rates.

H.R. 5287 would increase housing opportunities to moderate and low-income families, as well as first time homebuyers, without removing any safeguards that protect consumers against abusive lending practices. The legislation preserves consumer protections by ensuring that transactions cannot have a negative amortization, prohibits high cost loans, and requires interest rates to be fixed for five years. These protections along with providing much needed clarity for all parties involved in a seller financing transaction, will help create a more vibrant housing market.

REALTORS® thank you for your diligent work on this important issue.

Sincerely,

Elizabeth G. Mendenhall

Elizabeth Mendenhall
2018 President, National Association of REALTORS®



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