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REALTOR®

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United States House of Representatives
Washington, DC 20515

Dear Representative:

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 removes many undue regulatory burdens for community banks and credit unions that impede access to affordable credit for consumers and businesses. These regulations, particularly in the mortgage lending area, have made it difficult for community-based lenders to continue their mortgage lending operations. Affording relief from overly burdensome compliance regulations will allow these financial institutions to provide their customers with a relationship-lending model that is a critical component for a vibrant economy.

Second, S. 2155 proposes a critically important framework requiring Fannie Mae and Freddie Mac to evaluate and consider credit innovations including 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.

Additionally, the legislation gives the Bureau of Consumer Financial Protection 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. As a result, some borrowers enter into these contracts without understanding the detrimental impact PACE loans may have on the resale of their property.

Moreover, 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.

Finally, 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. The 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.

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 G. Mendenhall

Elizabeth Mendenhall
2018 President, National Association of REALTORS®