

**May 12, 2021**

**Charlie Oppler**  
2021 President

**Bob Goldberg**  
Chief Executive Officer

**ADVOCACY GROUP**

**Shannon McGahn**  
Chief Advocacy Officer

The Honorable Maxine Waters  
Chairwoman  
U.S. House Committee on Financial  
Services  
2221 Rayburn House Office Building  
Washington, DC 20515

The Honorable Patrick McHenry  
Ranking Member  
U.S. House Committee on Financial  
Services  
2004 Rayburn House Office Building  
Washington, DC 20515

Dear Chairwoman Waters and Ranking Member McHenry:

On behalf of the National Association of REALTORS® 1.4 million members working in all aspects of the residential and commercial real estate industries, I write to express our views on two important pieces of legislation the committee is considering today.

REALTORS® believe that homeownership – and the mortgage credit foundation it rests upon – is the bedrock of the American Dream. Broad access to homeownership depends upon an open housing market that is free from discrimination. REALTORS® have a strong stake in preventing abusive and discriminatory lending practices. Citizens of communities, including REALTORS®, are harmed whenever abusive lending strips equity from homeowners, especially when lenders concentrate their activities on certain neighborhoods and create a downward cycle of economic deterioration. REALTORS® and consumers are also harmed when prospective buyers are denied credit because of discrimination.

Underserved borrowers and borrowers of color should be able to access sustainable and responsible loan options. Yet these families have been burdened by predatory credit practices and discriminatory denial of prime mortgage products. Families of color were devastated by the subprime lending boom in the early 2000s. Research by the Center for Responsible Lending found that Black and Latino families disproportionately received subprime loans at a greater rate than whites, and that borrower credit characteristics did not explain the differences in lending.<sup>1</sup> Because of these lending practices, Black and Latino families lost over \$1 trillion dollars in wealth during the crisis.<sup>2</sup> Black homeownership has failed to recover from

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<sup>1</sup> Debbie Gruenstein Bocian, Keith S. Ernst, and Wei Li Center, *Unfair Lending: The Effect of Race and Ethnicity on the Price of Subprime Mortgages*, Center for Responsible Lending, [https://www.responsiblelending.org/mortgage-lending/research-analysis/r011-Unfair\\_Lending-0506.pdf](https://www.responsiblelending.org/mortgage-lending/research-analysis/r011-Unfair_Lending-0506.pdf).

<sup>2</sup> Debbie Gruenstein Bocian, Peter Smith, and Wei Li, *Collateral Damage: The Spillover Costs of Foreclosures*, Center for Responsible Lending, at p. 2 (Oct. 24, 2012), <https://www.responsiblelending.org/mortgagelending/research-analysis/collateral-damage.pdf>.



the Great Recession, and according to the Urban Institute will continue declining if the nation stays on its current trajectory.<sup>3</sup>

Lending discrimination continues in a variety of forms. A 2019 study found that lenders charge Latino and African-American borrowers 7.9 and 3.6 basis points more for purchase and refinance mortgages respectively, costing them \$765 million in aggregate per year in extra interest.<sup>4</sup>

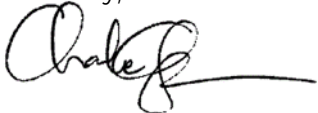
NAR supports access to credit in all markets and at all times. NAR believes that the Equal Credit Opportunity Act (ECOA) is essential for a financial marketplace that operates in an equitable and inclusive manner, free from discrimination. Strong enforcement of ECOA should include the use of testing to uncover discriminatory lending practices. Because fair lending testing requires specialized expertise and authority, we agree that an Office of Fair Lending Testing should be established, and support that provision of H.R. 166, The Fair Lending for All Act.

We do not believe, however, that fair lending violations should carry criminal penalties under ECOA. We are not aware of criminal liability for violation of any civil rights statute that does not involve force, intimidation, or damage to property. The Fair Housing Act provides no criminal penalties for lending violations, and adoption of H.R. 166's criminal liability provisions would create inconsistent enforcement regimes across the two statutes.

We also support much of H.R. 3009, the Improving Language Access in Mortgage Servicing Act. NAR champions efforts to facilitate homeownership and expand access to financing among consumers of all backgrounds. We believe lenders have a responsibility to ensure that consumers understand the loans they receive, including their terms and costs. We support development and use of a standard language preference form that will enable creditors to provide consumers with access to mortgage documents in their preferred language, if those documents have been translated by a government agency. While we believe consumers would be best served by creditors who also provide oral interpretation services, the cost of providing such services may prove burdensome for smaller lenders. We would like to collaborate with the committee to develop a workable solution, such as authorizing an appropriation to fund interpretation services for lenders with a smaller total loan volume.

The National Association of REALTORS® supports a mortgage market that is free from discrimination and predatory practices, and accessible to all qualified borrowers, regardless of what language they speak. We look forward to working with the committee to ensure strong fair lending mechanisms and workable approaches to overcoming language barriers in the lending marketplace.

Sincerely,



Charlie Oppler  
2021 President, National Association of REALTORS®

cc: U.S. House Committee on Financial Services

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<sup>3</sup> Laurie Goodman and Jun Zhu, *The Future of Headship and Homeownership*, The Urban institute, <https://www.urban.org/research/publication/future-headship-and-homeownership>.

<sup>4</sup> Robert Bartlett, Adair Morse, Richard Stanton, and Nancy Wallace, *Consumer-Lending Discrimination in the Fintech Era*, NBER Working Paper 25943, <http://www.nber.org/papers/w25943>.