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Issue Area: Conventional Residential Lending
Date of Action: 10/28/97
Document Title: Letter To Senator D' Amato Re: Support Of S.318, The "Homeowners Protection Act Of 1997"

October 22, 1997

The Honorable Alfonse D'Amato
520 Senate Hart Office Building
Washington, DC 20510

Dear Senator D'Amato:

The National Association of **REALTORS®** (NAR) strongly supports S. 318, the "Homeowners Protection Act of 1997", as amended by Senators D'Amato and Faircloth. REALTORS® believe that private mortgage insurance (PMI) is a valuable tool to expand home ownership opportunities to borrowers who can not afford to pay the industry standard 20% down payment. However, once a homeowner's equity reaches that threshold, PMI is no longer needed. S. 318 allows for the cancellation of PMI. We urge you to vote in favor of this legislation, and to move this bill quickly to the floor of the Senate.

We support the amendment offered by Senators D'Amato and Faircloth, and think it is an improvement over the original bill. This amendment calls for termination at 20% of PMI when initiated by the consumer, and automatic termination at 22%. This will save home owners nationwide millions of dollars a year. The bill also requires disclosure for existing loans of the current cancellation powers and contact information, and disclosure at closing for all mortgages entered into after the effective date. Further, the bill requires notification after cancellation. However, if the PMI is not canceled, the servicer must provide the homeowner of the grounds upon which the decision not to cancel was made.

NAR® strongly supports S. 318 and the amendment in the form of a substitute, and thanks Senators D'Amato and Faircloth for their efforts. We urge you to move quickly to bring this bill to the Senate floor, and resolve the bill in a conference with the House.

Sincerely,

Russell K. Booth
President

