



NATIONAL ASSOCIATION OF REALTORS®

*The Voice For Real Estate®*

500 New Jersey Avenue, N.W.  
Washington, DC 20001-2020  
202.383.1194 Fax 202.383.7580  
[www.realtors.org/governmentaffairs](http://www.realtors.org/governmentaffairs)

Vicki Cox Golder  
CRB  
*President*

Dale A. Stinton  
CAE, CPA, CMA, RCE  
Chief Executive Officer

GOVERNMENT AFFAIRS DIVISION  
Jerry Giovaniello, Senior Vice President  
Gary Weaver, Vice President  
Joe Ventrone, Vice President  
Jamie Gregory, Deputy Chief Lobbyist

October 12, 2010

The Honorable Timothy F. Geithner  
Secretary  
U.S. Department of the Treasury  
1500 New York Ave., NW  
Washington, DC 20220

The Honorable Shaun Donovan  
Secretary  
U.S. Department of Housing and Urban Development  
Washington, DC 20410

Mr. Edward J. DeMarco  
Acting Director  
Federal Housing Finance Agency  
1700 G St. NW  
Washington, DC 20552

Dear Secretary Geithner, Secretary Donovan, and Acting Director DeMarco:

I am writing on behalf of the 1.1 million members of the National Association of REALTORS® (NAR) about deficiencies in the foreclosure process by some mortgage servicers in violation of state law. The National Association of REALTORS® is America's largest trade association, including NAR's five commercial real estate institutes and its societies and councils. REALTORS® are involved in all aspects of the residential and commercial real estate industries and belong to one or more of some 1,400 local associations or boards, and 54 state and territory associations of REALTORS®.

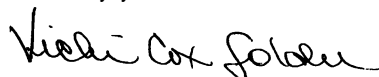
REALTORS® are extremely concerned about the confusion and uncertainty that questions about the validity of foreclosures are causing in local communities, even where foreclosures are not a major problem. The response by federal and state officials and lenders demonstrates an understanding of the seriousness of the problem. With the strong support of Federal Housing Finance Agency, Fannie Mae and Freddie Mac have both reiterated that servicers handling mortgages they own or guarantee must comply with applicable state laws governing foreclosures. HUD is reported to have asked their approved servicers, including the largest banks, to audit their foreclosure operations to see if they are in compliance with state law.

Several major lenders have announced moratoriums, of varying scopes, as they determine the extent of foreclosure processing problems. NAR hopes that they are able to complete this effort expeditiously so they not only assure the protection of the rights of borrowers but also remove doubt that buyers may have about whether the seller is able to convey clear title.

The housing recovery, which even in the Nation's stronger markets is still fragile, could be derailed if potential homebuyers and investors are discouraged from buying because of the turmoil, even if the property is not affected by any possible foreclosure processing errors. Already, our members are reporting that sales have been cancelled or delayed indefinitely, to the detriment of homebuyers and others involved in the transaction, as well as the neighborhood and the community. Lenders must assess the situation and correct any problems they identify, as soon as possible, to restore confidence in the system.

NAR has long urged the lending industry to take every feasible action to keep families in their homes with a loan modification and, if that is not possible, to give them a "graceful exit" through a short sale. These options are far better than a foreclosure, and nothing has driven this point home more clearly than the questions being raised about foreclosures. Lenders should place additional resources into processing loan modifications and short sales. This will not only minimize losses to the owners of the mortgages, but also minimize harm to homeowners facing unprecedented financial challenges and avoid reversing gains being made towards the recovery of housing markets, especially in high foreclosure areas.

Sincerely yours,



Vicki Cox Golder, CRB  
2010 President  
National Association of REALTORS®



Ron Phipps, ABR, CRS, GRI, GREEN, e-PRO  
2010 President-Elect  
National Association of REALTORS®