



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

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

August 25, 2010

Submitted electronically via www.regulations.gov

Regulations Division
Office of General Counsel
Department of Housing and Urban Development
451 Seventh Street, SW, Room 10276
Washington, DC 20410-0001

Re: Docket No. FR-5352-A-01, Real Estate Settlement Procedures Act (RESPA) Advanced Notice of Proposed Rulemaking (ANPR): Strengthening and Clarifying RESPA's "Required Use" Prohibition

Dear Sir or Madam:

The National Association of REALTORS® ("NAR" or "Association") thanks you for the opportunity to provide comments to the above-referenced ANPR under the Real Estate Settlement Procedures Act ("RESPA"). These comments are submitted on behalf of NAR and the Association's 1.1 million members.

The National Association of REALTORS® (NAR) 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®.

The "Required Use" Rule

While NAR had concerns with the 2007 proposed rule on required use, our members generally agreed those concerns were addressed with the 2008 final rule. NAR members value the ability to provide consumers with appropriate and reasonable incentives to use affiliates that do not constitute a de facto "required use." For example, a 1/4 point discount on interest rate for using an affiliate provider such as a title company is eminently reasonable. The consumer can still shop for rates on mortgage and costs for title settlement services and compare whether the package deal offered is truly worthwhile. This is also consistent with the goals of the reform. The new GFE offers tools for just this type comparison.

NAR also understands the potential dangers to consumers when the incentive is so great that consumer feels compelled to use the service provider. Recent litigation certainly calls into question whether such a de facto "required use" is covered by RESPA for a variety of reasons. A possible bright line test might be that if the face value of the incentive exceeds the value of the services

provided, the incentive's true value may be reasonably questioned. So if one is offered a \$5000 discount contingent on using settlement services valued at \$2000 it would call into question the true value of the \$5000 discount.

One Stop Shopping

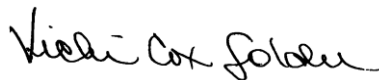
In 2008, NAR contracted with Harris Interactive in 2008 to gauge consumer sentiment on one stop shopping.¹ Respondents had the following reaction when asked about the advantages and disadvantages:

- The biggest perceived advantages are: saving money because of discounted prices (77%), increased efficiency and manageability (73%), convenience (73%) and things not falling through the cracks (73%).
- The most commonly perceived disadvantages are that consumers can't compare rates across different providers (15%) and that one company is responsible for all aspects of the process (13%).

NAR plans to update the study periodically to retest consumer reaction and provide additional information to our members.

Thank you for your time and consideration in this matter. If we can provide any further information or clarification of the views expressed herein, please do not hesitate to contact our Director of Real Estate Services, Ken Trepeta at (202) 383-1294 or ktrepeta@realtors.org.

Sincerely,



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

¹ For more information and to view the survey results, visit:
http://www.realtor.org/diversified_re_firms/20080501_one_stop_shopping