



NATIONAL ASSOCIATION OF REALTORS®

*The Voice For Real Estate®*

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August 13, 2009

The Honorable David Stevens  
Assistant Secretary for Housing --Federal Housing Commissioner  
United States Department of Housing and Urban Development  
451 Seventh Street, S.W.  
Washington, D.C. 20410

Re: Administrative Brokerage Commission Fees & Home Warranty Products

Dear Mr. Stevens:

The National Association of REALTORS® (NAR) requests a meeting with HUD officials to discuss appropriate guidance from HUD on two important issues that continue to cause confusion for consumers, real estate brokers and real estate agents. The first issue concerns administrative fees and their proper structure and use under Section 8 of the Real Estate Settlement Procedures Act (RESPA). Conflicting federal court interpretations of Regulation X and HUD policy statements have caused misunderstanding in the marketplace, creating unnecessary uncertainty about compliance.

The second issue concerns RESPA-compliant compensation of real estate brokers and agents by home warranty companies in the marketing and sale of home warranty products. This issue arose in February 2008 when HUD issued an unofficial staff interpretation on marketing and administrative services agreements relating to home warranty products. Unfortunately, this unofficial HUD staff opinion continues to represent HUD's most recent statement on the issue despite it being based on incomplete information and analysis. The result has been misunderstandings between consumers and real estate brokers /agents, unfounded allegations, and unnecessary legal expenses, all for the lack of appropriate guidance.

Various parties, including NAR, met with HUD officials in April 2008 to discuss these two issues and thereafter several parties to the meetings subsequently submitted relevant documentation in support of industry analysis of the issues, including detailed descriptions of general industry practices. Nevertheless, HUD has remained silent during the past 16 months, contributing to additional confusion in the courts, amongst industry participants, and consumers. As a result, NAR believes it would be beneficial to hold another meeting with HUD to review the current status of these two issues and to seek a common understanding of how timely guidance might be provided by HUD to clarify the existing confusion for the benefit of both industry and consumers. NAR stands ready, at your earliest convenience, to meet with HUD officials and we look forward to discussions which will lead to appropriate guidance.

Sincerely,

A handwritten signature in cursive script that reads "Charles McMillan".

Charles McMillan, CIPS, GRI  
2009 President, National Association of REALTORS®

Cc: The Honorable Helen Kanovsky, General Counsel

Ms. Ivy Jackson, Director, Office of RESPA and Interstate Land Sales