



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)

Charles McMillan  
CIPS, GRI  
*President*

Dale A. Stinton  
CAE, CPA, CMA, RCE  
EVP/CEO

GOVERNMENT AFFAIRS DIVISION  
Jerry Giovaniello, Senior Vice President  
Gary Weaver, Vice President  
Joe Ventrone, Vice President

February 9, 2009

Jennifer J. Johnson  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551

Transmitted by E-mail to: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

Dear Ms. Johnson:

I am writing on behalf of the 1.2 million members of the National Association of REALTORS® (NAR) to provide comments on regulation Z (Docket No. R-1340). 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® have a strong stake in preventing abusive lending practices and support the purposes of the Truth in Lending Act (TILA) to promote the informed use of consumer credit by requiring disclosures about terms and cost to help prevent abusive lending practices that:

- Inadvertently limit the availability of reasonable credit for prime and subprime borrowers;
- Erode confidence in the nation's housing system; and
- Strip equity from homeowners and increase the cost of homeownership.

The proposed rule implements the Mortgage Disclosure Improvement Act (MDIA), which broadens and adds to the requirements of the Board July 2008 final rule amending Regulation Z – the “HOEPA Rule.” Like the July 2008 final rule, the MDIA requires creditors to make early disclosures even when the loan is not for the purpose of financing the purchase or initial construction of a principal dwelling and prohibits the collection of fees before the consumer receives the disclosures, other than obtaining a fee for obtaining a credit history.

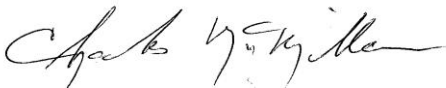
NAR supports the timing of delivery disclosures and re-disclosure requirements (sections B and C) in the proposed rule. Currently, Regulation Z requires creditors to provide early disclosures within 3 business days after receiving the consumer's application. MDIA amends the regulation to state that early disclosure must also occur at least 7 business days before consummation. MDIA also amends TILA to require that creditors provide corrected disclosures at least 3 business days before consummation. Receipt of disclosures according to the proposed rule ensures consumers have adequate time to review information, such as an amended APR, without undue pressure to consummate the contract.

For consistency, NAR supports the use of the general definition of business day in determining early TILA disclosures in Section D of the proposed rule. The timing of the TILA disclosure will then remain aligned with RESPA good faith estimate disclosures. NAR also supports the use of the general definition for determining whether the 7-day waiting period has expired and consummation may occur. Having different definitions of a business day could lead to increased costs to the lender while diminishing clarity for the consumer.

Consistent with existing rules for residential mortgage transactions, NAR supports requiring creditors to disclose all changes in APR terms beyond the specified tolerances prior to settlement or consummation of the transaction. This aligns with NAR's Responsible Lending Policy, which states that while borrowers are responsible for deciding which mortgages best fit their needs, they can only do so "if they understand all the facts so they can make an informed decision." Early disclosures provide additional information that allow for an informed decision.

Thank you for the opportunity to present the views of the National Association of REALTORS<sup>®</sup>. NAR supports the general principal that all mortgage originators should act in "good faith and with fair dealings" in a transaction and treat all parties honestly. NAR's Code of Ethics imposes a similar requirement on REALTORS<sup>®</sup> and this proposed rule on Regulation Z helps do the same for mortgage originators. If you have any questions or comments regarding this letter please contact our Senior Policy Representative, Jerry Nagy, at 202.383.1233 or [jnagy@REALTORS.org](mailto:jnagy@REALTORS.org).

Sincerely



Charles McMillan, CIPS, GRI  
2009 President, National Association of REALTORS<sup>®</sup>