NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

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December 18, 2008

The Honorable Henry M. Paulson, Jr.
Secretary
U.S. Department of the Treasury
1500 New York Ave., NW
Washington, DC 20220

The Honorable Ben Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave., NW
Washington, DC 20551

The Honorable James B. Lockhart, III
Director
Federal Housing Finance Agency
1700 G St., NW
Washington, DC 20552

Dear Secretary Paulson, Chairman Bernanke, and Director Lockhart:

On behalf of 1.2 million members of the National Association of REALTORS®, I congratulate you on the initial success of your initiatives to reduce mortgage interest rates. As you know, NAR has advocated for lower rates, and is pleased that your approach of major purchases of mortgage backed securities and GSE debt obligations has met with success. Your continued efforts to restore a normal spread between interest rates on Treasury obligations and mortgages will do much to address public concerns in this difficult economic environment. Keeping rates low, and pushing them even lower, will help restore vibrant housing and mortgage markets that will benefit both home buyers and homeowners seeking fair and affordable mortgages.

Problems remain. NAR urges the federal government and the mortgage lending industry to address continuing problems in the housing market that are impeding the delivery of mortgage credit and resulting in too many foreclosures.

- The Treasury Department should provide additional TARP funds subject to agreement by the recipients to make additional loans for housing and other consumer purposes, establish foreclosure prevention programs, modify more mortgage loans to prevent foreclosures to the maximum extent possible, establish an efficient and effective short sales process, or a combination of these activities.

- All mortgage lenders, their servicers, the GSEs (Fannie Mae and Freddie Mac), and investors in mortgage assets should adopt and implement aggressive policies that result in more mortgage loan modifications to prevent as many foreclosures as possible. Where keeping the family in the home is not possible, these entities should facilitate short sales that will benefit all parties: owners, buyers, neighbors, communities, and lenders/servicers/GSEs/investors.

- Mortgage lenders and private mortgage insurers should (1) reexamine underwriting standards to determine whether they have over-corrected in response to abuses in the mortgage market, and (2) remove unnecessarily strict underwriting standards (such as (i) requiring excessively high credit scores that result in qualified borrowers being arbitrarily turned down for a loan, and (ii) coupling much tighter investor underwriting criteria with a lower cap on the number of financed properties an investor may own).

- Consumer reporting agencies (credit bureaus) should improve compliance with the Fair Credit Act, including prompt responses to consumers who seek to correct files and prompt correction of errors.

Thank you for recognizing the critical importance of housing to the economic recovery. We urge you to take action to address the serious problems that remain as part of restoring full health to the mortgage lending and housing markets.

Sincerely,

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

cc:
Mr. Herbert M. Allison, Jr., President and Chief Executive Officer, Fannie Mae
Mr. John Courson, Chief Operating Officer, Mortgage Bankers Association
Ms. Suzanne Hutchinson, Executive Vice President, Mortgage Insurance Companies of America
Mr. David M. Moffett, Chief Executive Officer, Freddie Mac
Mr. Stuart Pratt, President and Chief Executive Officer, Consumer Data Industry Association
Ms. Faith Schwartz, Executive Director, HOPE NOW Alliance