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March 15, 2012

Mr. Edward DeMarco
Acting Director
Federal Housing Finance Agency
400 7th Street SW
Washington, DC 20024

Dear Mr. DeMarco:

On behalf of the more than one million members of the National Association of REALTORS®, I am writing you to request that guidance on the acceptance of electronic signatures be released as part of the Federal Housing Finance Agency's (FHFA) effort to establish consistent policies and processes for the servicing of loans owned or guaranteed by Fannie Mae and Freddie Mac (the Government Sponsored Enterprises, or GSEs).

The National Association of REALTORS® (NAR) is America's largest trade association, including NAR's eight affiliated institutes, Societies and Councils, five of which focus on commercial transactions. 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®.

Since the passage of the 2000 E-SIGN Act, the use of electronic signatures has become widely accepted by a number of financial and lending institutions. The Act was designed to support and promote electronic commerce through the use of electronic records and signatures by ensuring the validity and legal effect of contracts entered into electronically while preserving consumer protection laws. However, REALTORS® continue to experience problems submitting forms with electronic signatures to servicers of Fannie Mae and Freddie Mac loans. In markets where distressed properties are emerging as the dominant share of the market, completing a transaction under threat of possible default or foreclosure places a premium on the speed and flexibility that can come only from electronic documents. REALTORS® report that many lenders will accept electronic signatures for loans that will be sold to the GSEs, but a number of servicers state that the GSEs do not accept electronic signatures in short sale or REO transactions.

NAR recommends that as FHFA continues to harmonize the servicing of loans owned or guaranteed by the GSEs, that it include guidance on the acceptance of electronic signatures for short sale and REO transactions. Without clear guidance on the acceptance of electronically signed real estate contracts, parties to the sale are forced to re-execute the transaction with manual signatures, despite clear support for the transactions historically and legally.

NAR believes the use of electronic signatures will not only mitigate fraud but will also help reduce the length of time needed for these transactions. If you have any questions or comments regarding this letter please contact our Policy Representative, Charlie Dawson, at 202.383.7522 or cdawson@realtors.org.

Sincerely,

Maurice "Moe" Veissi
2012 President, National Association of REALTORS®



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