



November 10, 2023

The Honorable Demetria L. McCain
Principal Deputy Assistant Secretary for Fair Housing and Equal Opportunity
U.S. Department of Housing & Urban Development
451 7th Street, SW
Washington, DC 20410

Dear Principal Deputy Assistant Secretary McCain:

On behalf of the National Association of REALTORS®' (NAR) 1.5 million members working in all aspects of the residential and commercial real estate industries, thank you for your commitment to advancing equal housing opportunity and promoting diverse, inclusive communities. As a leading advocate for expanding homeownership opportunities, NAR strongly supports enforcement of the Fair Housing Act and abhors all forms of illegal discrimination in housing, including in co-op transactions. We write to call attention to our members' concerns about discrimination in co-ops, and to urge you to convene a listening session pursuant to your authority under 42 U.S.C. § 3609 to uncover solutions to this problem.


REALTORS® Experiences with Hidden Discrimination in Co-op Transactions

For many years, REALTORS® have raised concerns about the secretive and selective co-op application process that may be masking discriminatory denials of housing. Members believe that the length and scope of the co-op application, the review period, and the approval process have made discrimination both easier to perpetrate and more difficult to identify and prevent. These concerns are echoed by local Fair Housing Initiative Program participants, in particular the Fair Housing Justice Center in Queens, New York. Our state and local associations are engaged in co-op transparency efforts in their jurisdictions, particularly in New York. You can learn more about their efforts in the REALTOR® Magazine story, "[Co-op Transactions: Unmasking Hidden Discrimination.](#)"

In surveys and interviews, REALTORS® have revealed experiences representing buyers in co-op transactions that caused them to suspect illegal discrimination. In one instance, a REALTOR® relayed that she represented a single mother of two with stellar financial qualifications. The co-op board told her they rejected her client because they feared she might lose her job. The REALTOR® and her client are convinced she was denied because of her gender and would have been approved had she been a man.

Another REALTOR® shared that she had worked with a client who was injured in an accident and used a wheelchair as a result. The client had received a substantial settlement from the accident.

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The REALTOR® found the perfect co-op for her client, but the co-op board rejected her client's application because she did not have a job and the Board felt she would not be able to pay the monthly assessments despite her offer to escrow ten years of assessments. The REALTOR® and her client believe the real reason she was rejected is because she is disabled.

A third REALTOR® recounted representing an openly gay city council member looking to purchase a co-op. The client brought an all-cash offer and retirement funds, in excess of \$150,000, but the co-op board rejected his application, giving no rationale. The surprising decision left the member and his client wondering whether the buyer's application was rejected because he was gay.

The Governing Structure of Co-ops Opens the Door to Discrimination

Absent legislation requiring transparency, it is nearly impossible to determine whether discrimination has occurred in a co-op transaction. In some jurisdictions, co-op boards require potential buyers to submit to an extensive interview and make substantial financial disclosures, yet co-op boards are not required to disclose the minimum financial eligibility threshold or provide an explanation for why an applicant was rejected. Co-op board members are not required to take fair housing courses or maintain communications with applicants.

Working Together to Address Co-op Discrimination

NAR urges HUD to convene listening sessions in states and localities where co-ops are located, pursuant to its authority under 42 U.S.C. § 3609, to examine the nature and extent of the discriminatory activity occurring and to work with FHIPS and FHAPs, as well as REALTORS®, to devise effective solutions for combating it.

REALTORS® are committed to eliminating all forms of illegal discrimination in housing, including discrimination in co-op transactions. We urge HUD and its state and local partners to shine a light on this hidden form of discrimination and lead the way in stamping it out.


We welcome further engagement with you on this matter. Please contact Alexia Smokler, Director of Fair Housing Policy & Programs, at (202) 383-1210 or asmokler@nar.realtor, to discuss our collaboration.

Sincerely,



Tracy Kasper
2023 President, National Association of REALTORS®

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