

April 27, 2009

The Honorable Barney Frank
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Spencer Bachus
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Frank and Ranking Member Bachus:

As the Financial Services Committee considers H.R. 1728, the Mortgage Reform and Anti-Predatory Lending Act, the undersigned organizations representing the real estate finance industry urge the committee to adopt an amendment, expected to be offered by Representative Judy Biggert, that would require the Department of Housing and Urban Development (HUD) to withdraw its Real Estate Settlement Procedures Act (RESPA) rule and work with the Federal Reserve Board (the Board) to issue a new joint rule within 12 months.

While we appreciate the efforts HUD has taken to date, we strongly believe that the rule should be withdrawn and coordinated with the ongoing reform effort of the Board under the Truth in Lending Act (TILA). During the comment period on the RESPA rule, 244 Members of Congress echoed this concern, and even the Federal Reserve Board staff asked HUD to coordinate its rulemaking efforts with the Board.

RESPA, which is HUD's responsibility, provides borrowers information on their settlement charges, while TILA, which is the Board's responsibility, provides borrowers information on the costs and terms of the credit transaction. Generally, disclosures under both laws are provided simultaneously to the consumer at application and at closing. For these reasons, disclosures under both laws should be complementary, and designed to work together to achieve their common purpose of ensuring consumer understanding.

Furthermore, because RESPA and TILA rules are so interrelated, successive disclosure changes, first by one agency and then the other, would be unnecessarily costly for the industry at a time when the industry can ill-afford the costs, and would confuse consumers rather than providing greater clarity.

The Biggert amendment would address both concerns by requiring HUD and the Board to coordinate their efforts to reform the mortgage disclosure process. We urge the committee to adopt this amendment so that we can make the mortgage process more transparent and give borrowers the information they need to make the best choices.

Sincerely,

American Financial Services Association
American Land Title Association
Consumer Bankers Association
Consumer Mortgage Coalition
Financial Services Roundtable
Housing Policy Council
Mortgage Bankers Association
National Association of Federal Credit Unions
National Association of Mortgage Brokers