



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

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October 16, 2007

The Honorable Paul Kanjorski
Chairman, Subcommittee on Capital Markets,
Insurance and Government Sponsored Enterprises
House Financial Services Committee
2188 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Kanjorski:

On behalf of over 1.3 million members of the National Association of REALTORS®[®], I want to convey our support for your bill H.R. 3837, the “Escrow, Appraisal and Mortgage Servicing Improvements Act” (EAMSIA). NAR commends you, House Financial Services Chairman Barney Frank (D-MA) and Representatives Charlie Wilson (D-OH) and Paul Hodes (D-NH) for your leadership in introducing EAMSIA, which brings much needed improvements to the appraisal industry and will mitigate many contributing factors to our current delinquency and foreclosure crisis.

Irresponsible lending, mortgage servicing and appraisal practices are significant problems that far too many homebuyers now face and, if allowed to continue, will have a devastating effect on our nation’s communities. NAR believes the lack of escrow or impound accounts, a common practice for subprime mortgages, is especially problematic for more risky borrowers because it requires families already stretched financially to save thousands of dollars or more to cover property taxes and hazard insurance.

According to the Center for Responsible Lending, many abusive lenders and mortgage servicers purposely do not require subprime borrowers to establish escrow accounts because the added monthly cost would push borrowers above a manageable debt-to-income ratio. NAR supports EAMSIA’s approach to mitigate such lending and loan servicing abuse by requiring that certain mortgages have an escrow or impound account established at the time of origination to cover property taxes and insurance. We are also pleased that the bill requires all consumers, regardless of whether they are required to have an escrow account, to receive specific written disclosures advising them of their financial responsibilities associated with paying property taxes, hazard insurance and other periodic payments.

NAR also believes a strong and independent appraisal industry is vital to restoring faith in the mortgage origination process. H.R. 3837 strikes an appropriate balance by strengthening the accountability and oversight of appraisers while also creating new consumer protections such as allowing borrowers to obtain a copy of all appraisals prior to closing.

Recent studies have indicated that up to 90% of appraisers have been asked to hit a targeted value, while 70% of appraisers feared that if they did not meet that target, their business would be harmed. EAMSIA strengthens the independence of the appraisal process by ensuring appraisers serve as an unbiased arbiter of a property's value for the buyer, seller, lender, investor and other market participants.

National Association of REALTORS[®] supports responsible lending, mortgage servicing and appraisal practices. We stand ready to work with you, Chairman Frank and Representatives Wilson and Hodes to pass H.R. 3837, which offers important consumer protections to ensure the dream of homeownership that REALTORS[®] help fulfill does not turn into a family's worst nightmare.

Sincerely,

A handwritten signature in black ink that reads "Pat V. Combs". The signature is written in a cursive, flowing style.

Pat V. Combs, ABR, CRS, GRI, PMN
2007 President, National Association of REALTORS[®]

cc: The Honorable Barney Frank
The Honorable Charlie Wilson
The Honorable Paul Hodes