



NATIONAL ASSOCIATION OF REALTORS®

*The Voice For Real Estate®*

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September 25, 2009

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

Dear Chairman Bernanke:

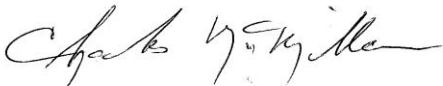
The National Association of REALTORS® requests that the Federal Reserve Board delay enforcement of the prepayment restrictions that would otherwise prevent lenders from making higher-priced FHA mortgage loans. These restrictions are part of the amendments to the Board's Truth in Lending Act Regulations (known as Reg Z) that will go into effect on October 1, 2009, and are designed to protect consumers from unfair, abusive, and deceptive lending and servicing practices.

We are requesting this delay to give the Board, the Federal Housing Administration (FHA), and Ginnie Mae an opportunity to correct the unintended consequence of the intersection of the upcoming Reg Z and the existing practice under which FHA borrowers pay interest through the end of the month when prepaying a loan. For years, we have supported elimination of this practice.

Requiring borrowers to make a final interest payment covering the remaining days of the month in which they pay off their loans may be considered to be a prepayment penalty subject to the Reg Z prepayment restrictions. Lenders are understandably reluctant to expose themselves to liability under Reg Z for making higher-priced FHA loans. In fact, we have heard that a number of lenders have already announced they will refuse to make FHA loans that are covered by the definition of a higher-priced mortgage loan and, therefore, will be subject to the new restrictions on prepayment penalties. As a result, many borrowers that need the benefits of the FHA mortgage insurance program, including lower up-front costs, will find themselves unable to become homeowners. This will, in turn, have a serious impact on the housing market and the entire economy, especially considering the huge growth in the use of FHA mortgage insurance in response to the mortgage lending crisis over the last several years.

We urge you to take prompt action to avoid this potentially disastrous, though unintended, impact on homebuyers caused by the interaction of these policies of the Board and HUD.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Charles McMillan".

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

cc The Honorable Shaun Donovan, Secretary of Housing and Urban Development  
The Honorable David H. Stevens Assistant Secretary for Housing – Federal  
Housing Commissioner  
Mr. Thomas R. Weakland, Acting Executive Vice President, Ginnie Mae