

The Honorable _____

Dear Senator _____:

In May, the House of Representatives passed HR 1728, the “Mortgage Reform and Anti-Predatory Lending” bill of 2009 by a vote of 300 to 114. The bill is now in the Senate; among other things, it calls for the U.S. Department of Housing and Urban Development (HUD) to withdraw its controversial final RESPA rule and work with the Federal Reserve Board (FRB) to issue a new joint rule within 12 months.

I applaud the attempts by HUD and prior administrations to fix problems within the real estate sales process by implementing new rules to govern the Real Estate Settlement Procedures Act. The process needs to be simplified and consumers deserve better disclosure and increased transparency. However, the RESPA rule currently scheduled for implementation in January 2010 contains serious flaws that will, in many cases, reduce the ability of consumers to shop for settlement services, confer upon the large banks a monopoly on the selection of settlement service providers, and ultimately result in an increase in the cost of purchasing a home.

The RESPA rule as presently drafted has little, if any, support from members of the industry and has been strongly criticized by the Federal Reserve Board. The FRB has asked HUD to withdraw the rule and cooperate with the FRB in developing a simpler, more cohesive regulatory scheme.

The implementation of the new RESPA rule will discourage consumers from shopping for settlement services and cause great harm to the thousands of small businesses that provide title, settlement, and mortgage broker services throughout the country. In Midwestern states, the new Rule will likely cause a catastrophic shift in the way settlement services are delivered to the detriment of small businesses and the consumers they serve.

I urge you to support HR 1728 when it is voted upon in the Senate.

Sincerely,

cc: Peter J. Birnbaum