

Remarks Prepared for
NAR 2015 President Chris Polychron
RESPA-TILA Testimony
U.S. House Financial Services Committee
Subcommittee on Housing and Insurance
May 14, 2015

Chairman Luetkemeyer, Ranking Member Cleaver, and members of the Subcommittee.

My name is Chris Polychron.

- I am the 2015 President of the National Association of REALTORS®.
- I've been a REALTOR® for 27 years.
- And, I'm an executive broker with 1st Choice Realty in Hot Springs, specializing in residential and commercial brokerage.

On August 1, 2015, significant RESPA-TILA changes will go into effect.

- NAR is generally supportive of this move to harmonization, as long as it benefits consumers and makes the real estate transaction smoother.
- However, we see potential for significant bumps in the road – bumps that could cost families time and money and cause serious frustration.

It is clear that the RESPA/TILA integration is going to be a learning experience for everyone.

- Before I get to the heart of my testimony, I would like to thank Chairman Luetkemeyer for weighing in with the CFPB on this issue. I would also like to thank Congressman Barr and Congresswoman Maloney for their bipartisan sign on letter to the CFPB and finally Congressmen Pearce and Sherman for their bipartisan legislation to aid in this effort.
- NAR and a broad coalition have sent a letter to Richard Cordray, Director of the Consumer Financial Protection Bureau, outlining our concerns.

- Here is what we've communicated to the Bureau.

First and foremost, NAR has asked that the CFPB make August 1, 2015 to December 31, 2015 a trial implementation period of restrained enforcement.

- During this period, industry will operate under the rule and new forms, but be held harmless in terms of enforcement and liability as long as they act in good faith.
- Industry and the CFPB can then collect data on problems and develop solutions to minimize costly and harmful impact on consumers.
- This five-month testing period should provide enough time to everyone to get it right.
- It also moves the full-fledged implementation from some of the busiest months to the least busy months of January and February.

We're asking for this grace period because of the potential impact to the consumers.

- Even if only ten percent of transactions experience issues with the rule implementation, the numbers will still be significant.
- That could mean more than 40,000 transactions a month with problems and potentially many more.
- This is certainly something REALTORS® and industry would like to avoid.

The good news is, there is precedent for the CFPB to create such a period.

- The Department of Housing and Urban Development took a similar approach when it revised the RESPA disclosures in 2010.
- We believe that effort should serve as a model for CFPB and would produce the best outcomes for everyone involved.

We believe that CFPB can provide more-detailed written guidance on a number of issues:

- Clarify where RESPA and TILA liability apply and that the pre-approval process can co-exist with the rules regarding issuance of the loan estimate.
- Ensure that consumers can still choose the agent that closes their transaction without lender interference, the same way one chooses their lawyer to represent them and not their opponent.
- And, provide more information and flexibility on the “bona fide financial emergency” waiver and other waiver authority.

Overall, Realtors understand that RESPA/TILA integration is a monumental effort, decades in the making.

- The CFPB has done good work and we hope a few small steps can help this giant leap forward.
- We will continue to work with the CFPB and our industry partners in this effort.

Thank you for the opportunity to testify and I look forward to answering any questions.