

Congress of the United States

Washington, DC 20515

March 4, 2004

Honorable Joshua B. Bolten
Director
Office of Management and Budget
Eisenhower Executive Office Building
Room 252
Washington, DC 20503

Dear Director Bolten:

We are writing to express our concerns about a final rule submitted to the Office of Management and Budget by the Department of Housing and Urban Development (HUD) that significantly change the Real Estate Settlement Procedures Act (RESPA). While we are supportive of efforts to simplify and improve mortgage transactions for consumers, we are writing to urge you to reject this rule as final and return it to HUD with instructions to issue a revised proposed rule and seek additional public comment.

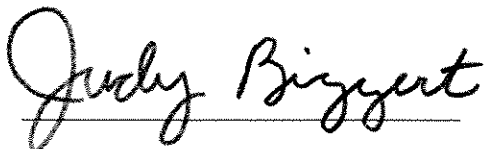
This rule, initially proposed by HUD over a year ago, would radically change the mortgage marketplace for consumers and industry. As evidenced by the tens of thousands of letters HUD received during the comment period and testimony heard at three congressional hearings, this rule has met significant opposition from consumer advocates, affected industries, and Congress. Many commented that the proposed rule would lead to the loss of important RESPA consumer protections, long-term increases in mortgage costs due to decreased competition and many small businesses would not be able to compete in this new environment.

When a rule produces this much uncertainty and opposition from so many quarters, federal agencies usually respond by reconsidering their proposed actions, making changes to the proposed rule, and again soliciting public comment. However, instead of issuing a revised proposed rule and seeking additional public comment, HUD has chosen instead to finalize the rule without advocates, affected industries or Congress knowing what changes have been made. While the industry and consumer groups have not reached consensus on a viable reform measure, they are unified in their request that HUD's RESPA rule not be finalized in its present form.

Furthermore, it is critical that we delay implementation of a rule that may negatively impact the healthiest sector of the economy-housing. The U.S. homeownership rate was 68.4% in the third quarter of 2003 -- its highest level ever. HUD said it best in the Supplementary Information Section of the July 28, 2002 proposed rule: "The American mortgage finance system is justifiably the envy of the world. It has offered unparalleled financing opportunities under virtually all economic conditions to a very wide range of borrowers that, in no small part, have led to the highest homeownership rate in the Nation's history."

Until there are assurances that any of the proposed changes will result in real benefits that far outweigh the potentially negative consequences, a final rule should not be promulgated. There is too much at stake to rush quickly to judgment on an issue of such magnitude. Therefore, we seek your assistance by asking that you return the RESPA rule to HUD with instructions to issue a revised proposal that reflects HUD's most recent reform plans and provides for an additional public comment period.

Sincerely,



Judy Biggert
Member of Congress



Rubén Hinojosa
Member of Congress

Spencer Beckus

Paul E. Kajanski

Ray Smith

Frank D. Lucas

Donald A. Mangullo

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Barbara Lee

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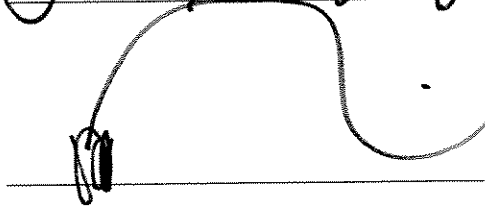
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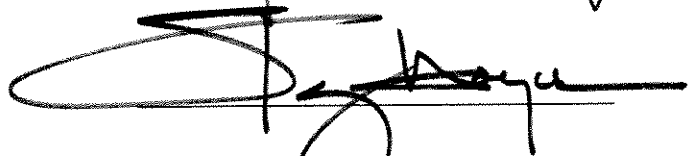
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