



CALIFORNIA ASSOCIATION OF REALTORS®

May 8, 2020

California Congressional Delegation
U.S. Senate and House of Representatives
Washington, D.C.

2020 OFFICERS

JEANNE RADSICK
President

DAVE WALSH
President-Elect

JENNIFER BRANCHINI
Treasurer

JOEL SINGER
Chief Executive Officer/
State Secretary

Dear California Congressional Delegation:

As the nation has weathered two-months of the COVID-19 crisis and the unprecedented response, we now have the information to know what is working, what must be changed, and what must be the next steps. To that end, the California Association of REALTORS® (C.A.R.) is asking Congress to consider the proposals laid forth in this letter for inclusion in the next COVID-19 relief package. We have every bit of surety that the proposals herein will ensure needed continued support for the nation's struggling small businesses and meaningful steps toward a healthy real estate market.

First, C.A.R. and its almost 200,000 members thank you for the broad and quick action you have taken to limit the negative impact of the shutdown of California and the nation. The Paycheck Protection Program (PPP) and Pandemic Unemployment Assistance (PUA) have both been successful in helping to provide needed financial relief for small businesses and independent contractors hit hardest by the economic shutdown. While both programs struggled initially, we continue to hear from an increased chorus of members that the programs are doing what Congress intended.

Continued Support to Move Through the Crisis

C.A.R. is asking Congress to continue funding the PPP program through June 30, 2020.

The CARES Act authorized the PPP program through June 30, 2020. The limited funding appropriated to the PPP funding has instilled a sense of panic among small businesses, and backlash against large public corporations with other funding options who have taken millions of dollars in loans that could have saved hundreds of small businesses.

By creating the PPP, Congress showed its understanding of the broad impact of an economic shutdown. The placing of the June 30 date in the CARES Act was an acknowledgement that it could take months for some businesses to realize they would need to utilize the program. Ensuring the program is available for the full term will bring stability to the program and surety for small businesses and independent contractors.



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Mandate Fannie Mae and Freddie Mac (Enterprises) purchase conforming mortgages that were originated and underwritten to their guidelines but went into forbearance after closing but prior to the Enterprises purchasing them at no extra cost. The mortgage market is currently broken as loan originators and servicers are charging almost double the fees of historic norms and shrinking their credit box so qualified borrowers are unable to purchase homes. This is because Fannie Mae and Freddie Mac had refused to purchase conforming mortgages despite being qualified under their own guidelines if the borrowers went into forbearance between the time the loan closes and the Enterprises purchasing the mortgage. Recently, the Enterprises have agreed to purchase these loans, but at punitive fees of 5% for mortgage for first time homebuyers and 7% for all other mortgages. These fees ignore the public role and mission of the Enterprises. Congress created them to provide market liquidity and stabilize mortgage markets during a time of crisis. Instead it treats the Enterprises as private Wall Street firms more intent on lining their capital reserves than serving their counter-cyclical purpose.

The Enterprises refusal to purchase these loans in forbearance has forced originators and servicers to increase their fees on all consumers and is contrary to the intent of the CARES Act, that borrowers of government backed mortgages can seek forbearance at no additional cost. A mandate that the Enterprises must purchase a conforming mortgage if a loan is in forbearance but was properly underwritten to conforming mortgage guidelines and the borrower was able to pay the mortgage at time of close will provide stability to the nation's mortgage finance market.

C.A.R. is asking Congress to approve temporary Remote Online Notary (RON) service for states that don't allow it. This would protect participants in real estate transactions and allow them to comply with social distancing requirements. Dozens of states already allow for RON and have proven it is secure. Granting consumers in the other states to temporarily use of, or access to other states RON during this crisis will allow for real estate transactions to continue while protecting the public's health.

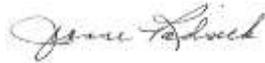
Protect Against Future Distressed Markets

Prohibit bulk sales of REOs and distressed notes if they are owned or guaranteed by the government; and require a First Look Program for all homes that go to REO and had a government guaranteed mortgage. A tough lesson learned from the housing crisis of a decade ago is communities across the country saw hundreds of thousands of homes taken from the housing market inventory by institutional investors who purchased bulk sales of REOs or non-performing loans before the properties could ever offered to homebuyers. The first step in a housing crisis must be to provide every opportunity to avoid foreclosure. C.A.R. has and will continue to support homeowner access to forbearance and loan modification; however, there is the possibility that some homeowners may not be able to keep their homes.

At a time when housing inventory is historically low across the country, C.A.R. is asking Congress to not allow Wall Street to take advantage of another recession to further usurp homeownership opportunities. Give homeowners a first chance at government backed homes. These homes were financed using mortgages guaranteed by entities with a public role and mission to support housing and homeownership.

Congress has acted boldly and without hesitation to minimize the impact of the COVID-19 crisis, but the impact of the crisis will linger throughout 2020 and beyond. C.A.R. and its members hope you will consider the issues above as tools to further limit its impact on the state and the nation. C.A.R. thanks you for consideration of our comments, if you would like to further discuss these issues please contact Matt Roberts, C.A.R. Federal Government Affairs Manager, at 310-963-3054 or matthewr@car.org.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jeanne Radsick".

Jeanne Radsick
President, California Association of REALTORS®

cc: National Association of REALTORS®