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The Honorable Mick Mulvaney
Acting Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Re: Request for Information Regarding Bureau Financial Education Programs; Docket No. CFPB-2018-0015 submitted electronically via: <https://www.regulations.gov/docket?D=CFPB-2018-0015>.

Dear Acting Director Mulvaney,

On behalf of over 1.3 million members of the National Association of REALTORS®, I appreciate the opportunity to comment on the Request for Information (RFI) Regarding Bureau Financial Education Programs. As one of the primary functions of the Bureau of Consumer Financial Protection (the Bureau), conducting financial education programs is necessary to ensure consumers make responsible decisions about financial transactions. Buying a home is arguably the biggest personal and financial decision an individual will make in his or her life. Understanding the intricacies involved in such a transaction requires patience, fiscal responsibility, and most importantly, the guidance of a real estate professional.

The National Association of REALTORS® (NAR) is America's largest trade association, including NAR's five commercial real estate institutes and its societies and councils. REALTORS® are involved in all aspects of residential and commercial real estate transactions and belong to one or more of the approximately 1,200 local associations and boards, and 54 state and territory associations. Real estate professionals recognize the importance of empowering consumers and a strong financial literacy foundation is key for tackling the complicated but rewarding process of buying a home.

With the support of the Bureau, consumers should continue to have access to helpful programs covering financial topics such as mortgages, bank accounts, credit reports, and credit scores. This is especially important for younger generations, low to moderate income households, and first-time homebuyers, each embarking upon various financial goals, such as saving for school, saving for a down payment, and saving for retirement. Providing financial education through a variety of means including print publications, online materials, and webinars, and through diverse communication channels available at libraries and social service agencies will also broaden the reach of these essential educational tools.

As the Bureau examines its financial education programs, one of the more pressing issues is student loan debt. Recognizing that student loan debt is different from other debt is an important step in addressing the effect of such debt on student borrowers and their future financial decisions, including purchasing a home. Increasing effectiveness of educational programs so that more borrowers understand what their debt means, how relationships change



with various servicers, the impact on credit, and how the loan debt is treated in the market will improve the financial awareness of many more consumers.

While improving education for potential and current student loan debt holders, the Bureau should also consider educating the lending community on how monthly student loan payments affect debt-to-income ratios. A significant aspect of the Qualified Mortgage standard is a requirement that borrower payments on all debts, including those for their mortgage, car, and student loan payments, be 43 percent or less of their total income. Though it may be a reasonable standard in many instances, the continued rise in student debt and a weak labor market may have a long-term impact on the ability of many first time homebuyers to qualify under this standard, particularly lower income consumers. Many of these potential borrowers are learning that their student loan payments are a significant portion of their total monthly debt burden. Consequentially, community banks and lenders may choose not to approve mortgage loans to a large number of these responsible and otherwise qualified borrowers because of that debt.

As the Bureau looks to improve financial education programs, thoughtful consideration of how student loan debt reduces homeownership opportunities for many responsible young Americans must be considered. Rising monthly student debt payments continue to limit consumers' ability to save for down payments. The Bureau should prioritize educational programs about the impact of such debt on long-term financial goals and work with lenders to increase awareness of student repayment programs on debt-to-income ratios. Students should not be penalized for seeking out higher education; rather they should be rewarded for consistent on-time repayments illustrating a responsible track record of borrowing.

NAR also encourages the Bureau to continue to educate consumers on the home buying process, as buying a home not only helps build personal financial wealth and stability, but also strengthens communities as resident owners commit to improving their neighborhoods and supporting local businesses. While the real estate industry continues to adjust to the Know Before You Owe rules, it would be helpful for the Bureau to further educate consumers about the new disclosures to improve their understanding of the financial aspects of the transaction. Such education will empower consumers to ask the necessary questions and avoid mistakes that may delay closings and increase costs for all parties.

The Bureau must ensure that "Buying a House" programs also cover cybercrime, such as wire fraud, as such criminal activity could devastate a homebuyer's dream with the quick click of simply opening an email. Many settlement service providers are aware of the detrimental impact of cyber fraud and are educating practitioners and their clients about such threats. NAR has substantial resources available to real estate professionals to better understand and combat transactional dangers and help educate consumers about data security and privacy protection. These resources include guidance on notices to include in contracts and email communications, toolkits on protecting businesses and clients from cyber fraud, and tips on how to report breaches and criminals to proper authorities.¹

The Bureau should follow suit and emphasize awareness of cybercrime, especially wire fraud, and protections for consumers and industry practitioners in its financial education programs. This is especially important as digital commerce is increasingly the preferred method for a majority of financial transactions. As electronic closings, electronic mortgages, and electronic notarizations become more widely accepted, there must remain responsiveness to threats affecting consumers' privacy and financial stability. Enhanced education through the Bureau's programs, particularly for potential home buyers and sellers, will provide additional safeguards to result in successful completion of real estate sales transactions.

Continued expansion of financial education programs – to new audiences, through new communication channels, and with new industry partners – will ensure consumers are engaged in more thoughtful decision-making to improve

¹ See <https://www.nar.realtor/law-and-ethics/protecting-your-business-and-your-clients-from-cyberfraud>, <https://www.nar.realtor/data-privacy-security/nars-data-security-and-privacy-toolkit>, <https://www.nar.realtor/data-privacy-security/wire-fraud-notice>.

overall financial wellbeing. NAR looks forward to continuing to serve consumers as they navigate the homebuying process and working with the Bureau to educate future homeowners about how to best achieve their financial goals.

Sincerely,

A handwritten signature in black ink that reads "Elizabeth G. Mendenhall". The script is fluid and cursive, with the first letters of each word being capitalized and prominent.

Elizabeth Mendenhall
2018 President, National Association of REALTORS®