

**Statement by Rep. Michele Bachmann
Oversight and Investigations Subcommittee
Hearing on HUD's Proposed RESPA Rule**

September 16, 2008

Thank you, Chairman Watt, for holding this important hearing on the U.S. Department of Housing and Urban Development's (HUD) proposed rule regarding the Real Estate Settlement Practices Act (RESPA).

This proposed rule has been the cause of great concern for many of my constituents – from homebuyers and mortgage bankers to realtors and community bankers. All share similar concerns that HUD's rule will do more harm than good – that the proposal will only further burden homebuyers with confusing, unnecessarily complicated, and inconsistent terms about their loans and settlement costs. Most agree that this rule will impose serious new costs on the mortgage industry at a time when it is already suffering tremendous turmoil in the housing marketplace.

I hold similar concerns and that is why I joined 244 of my colleagues in sending a letter to HUD asking for an additional extension of the comment period for this proposed rule. This would ensure HUD, industry stakeholders and consumers have adequate time to evaluate this proposal. We were successful in securing a thirty day extension and it now remains to be seen what real improvements will be made.

While HUD has the responsibility to administer RESPA and ensure consumers' receive good faith disclosures of their closing costs, the Federal Reserve Board has jurisdiction over the Truth in Lending Act (TILA) which governs the terms of mortgage loans. Currently, the Fed is working to update TILA disclosure requirements through what we all know as "Regulation Z." It is unclear why HUD has not more closely worked with the Fed so that these regulatory updates may complement, not clash with, one another.

We do not yet know what changes have been made to the proposed rule which is currently under examination by the Office of Management and Budget (OMB). However, I believe that through hearings such as today's we can continue to ease marketplace concerns with the hope that HUD will produce a more cohesive, workable rule that benefits all parties. Our nation is experiencing a period of turmoil in the housing market and perhaps now more than ever, it is imperative that Americans receive full, simplified disclosure of the terms of their real estate settlements.

I appreciate the witnesses coming before the committee today and look forward to this important discussion.