



To: All Members of NAILTA

From: Robert B. Holman, Esq., Chairman of NAILTA Policy and Legislative Committee

Date: June 7, 2010

Re: HUD Seeks Public Comment on Affiliated Business Arrangements (AfBAs)

The U.S. Department of Housing and Urban Development (HUD) has issued the attached Advance Notice of Proposed Rulemaking (ANPR) regarding the definition of “required use” in the affiliated business arrangement portion of RESPA known as Section 8. This is the first meaningful attempt to address affiliated business arrangement issues since 1996. As an organization dedicated to the preservation of independent title insurance agents and agencies, we want to alert each of you to an opportunity to have your voice heard on this important subject.

As the enclosed suggests, HUD is seeking public comment to strengthen and clarify the prohibition against the “required use” of affiliated settlement service providers in residential mortgage transactions under section 8 of RESPA. HUD has received complaints that some homebuyers are committing to use a builder’s affiliated mortgage lender in exchange for construction discounts or discounted upgrades, without sufficient time to research their contracts or to comparison shop. While this is a narrow review, the ANPR suggests that HUD will entertain actions in addition to or as an alternative to rulemaking that would better address concerns with affiliated business arrangements in residential mortgage transactions.

The public comment period will remain open until **September 1, 2010**.

To make your voice heard, you can send your written comments to the following by regular U.S. Mail:

**Regulations Division
Office of General Counsel
Department of Housing and Urban Development
451 7th Street SW
Room 10276
Washington, DC 20410-0500**

or make your comments via email to the following:

www.regulations.gov

In the normal course following the Administrative Procedures Act, after HUD collects data in this ANPR proceeding, HUD's next steps would be one of three: (i) HUD could decide to no longer pursue the matter, (ii) HUD could decide to continue to deliberate without taking further action at that time, or (iii) HUD could issue a Notice of Proposed Rulemaking, which would include for comment the actual text of the new proposed rule.

Again, we encourage each of you to prepare your own public comments and file them with HUD. Make sure to include the fact that you are a member of NAILTA in your letter to HUD. We want to show our strength in numbers!

If you do not wish to file your own separate comments, but would like to have NAILTA complete a form letter comment for your agency, please let us know and we will be happy to oblige our members.

NAILTA will be presenting its own official and separate comment on the ANPR prior to the deadline.

If you have any questions about the ANPR, affiliated business arrangements or our stance on either, please feel free to contact me via email holman@generaltitleco.com or by telephone at (800) 344-7445 or by contacting NAILTA's Public Relations Committee Chairman, Harvey Pollack, at hpollack@nailta.org or HAP@landtitleservices.net.