



NATIONAL ASSOCIATION OF REALTORS®

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January 8, 2009

The Honorable Kent Conrad, Chairman
Committee on the Budget
530 Hart Senate Office Building
Washington, DC 20510

Dear Senator Conrad:

We read with great interest the press reports and the transcript of your January 7 press conference. Your comments related to housing hit the bull's-eye: an interest rate buy-down, an improved homebuyer tax credit, foreclosure prevention measures and deference to the pivotal role of housing in the economy are the appropriate focus of the economic stimulus efforts underway.

The NATIONAL ASSOCIATION OF REALTORS (NAR) began seeking an interest-rate buy-down in November 2008. Any time interest rates are reduced, an individual's house payment becomes a smaller share of his/her income outlay. The interest rate buy-down would immediately reduce some pressure on struggling families and would make housing more affordable for many.

The \$7500 first-time homebuyer tax credit has the potential to bring new purchasers into the market to help absorb the excess inventory of homes for sale that currently plagues most local housing markets. Regrettably, the efficacy of the credit is undermined by the requirement that it be paid back. There is no policy justification for the repayment. In fact, no other tax credit that is available to individuals has a repayment feature. The net result is that consumers do not view the credit as an incentive, but rather see it as yet another debt. Families trying to reduce their debt loads have little interest in a proposal that provides a short-term benefit that becomes just another bill to pay.

Homeowners are clamoring for banks to be more responsive to borrowers seeking to refinance and/or restructure loans. Similarly, homeowners and prospective purchasers of those homes often complain that they are held hostage by lenders who do not provide timely resolution of short sales. Clearly there is a great need to unclog the entire housing finance system.

We share your views about the great need to include housing provisions in any economic stimulus package. We have enclosed a copy of NAR's objectives for housing provisions in the economic stimulus package. We respectfully encourage you to share these guidelines with other chairs and leaders to assure that housing issues will be a centerpiece of the economic stimulus.

We are eager to work closely with you to achieve these important results. To do otherwise would, as you said, "miss the boat."

Sincerely,

Jerry Giovaniello
Senior Vice President, Government Affairs

