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May 18, 2015

The Honorable Blaine Luetkemeyer  
Chairman  
U.S. House of Representatives Housing and  
Insurance Subcommittee  
2440 Rayburn House Office Building  
Washington, DC 20515

The Honorable Emanuel Cleaver  
Ranking Member  
U.S. House of Representatives Housing and  
Insurance Subcommittee  
2335 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Luetkemeyer and Ranking Member Cleaver:

Thank you for holding a Housing Financial Services Committee's Subcommittee on Housing and Insurance hearing on, "The Future of Housing in America: Oversight of the Rural Housing Service." The Rural Housing Service is a critical program for millions of Americans who live in rural communities. Nearly 20 percent of the U.S. population lives in rural areas or small towns. Finding safe affordable housing remains a challenge in these areas, where rental housing is often lacking and access to mortgage financing is challenging. The National Association of REALTORS® thanks you for looking into this valuable program.

Some believe that rural families can simply go online and find a mortgage. In many cases, that just is not true. The Rural Housing Service (RHS) 502 loan program provides opportunities for homeownership for these families. In FY 2013, the RHS helped nearly 170,000 rural American families become homeowners, nearly 80 percent of who were first-time homebuyers. The program includes guaranteed and direct loans. Section 502 loans can be used to build, repair, renovate or relocate a home, or to purchase and prepare sites, including providing water and sewage facilities. The RHS programs provide rural families with safe affordable loans, appropriate for rural communities' infrastructure and zoning.

RHS has proposed language to make the Section 502 Guaranteed loan program a direct endorsement program. Today, every RHS loan must be approved by staff of the Rural Housing Service. In recent years, staffing has been dramatically reduced, and borrowers are now experiencing significant delays in loan approval. Both the Veterans Affairs loan guaranty and the FHA mortgage insurance program utilize private lenders for direct endorsement. Adding RHS to this list would create great efficiencies for the Service and for homebuyers. RHS, in turn, would have additional staff time to focus on a strengthened lender monitoring process and risk management. NAR strongly urges Congress to provide RHS with direct endorsement authority to ease burdens on the agency and accelerate processing for borrowers.

Rural families face unique challenges in accessing mortgage credit. NAR encourages you to consider improvements to rural housing programs that will make it easier for these families to obtain safe, affordable, and decent homes in the communities in which they chose to live. REALTORS® look forward to working with you to achieve that goal.

Sincerely,



Chris Polychron  
2015 President, National Association of REALTORS®

cc: U.S. House of Representatives Committee on Financial Services

