

June 22, 2016

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The Honorable Mike Coffman
2443 Rayburn House Office Building
U.S. House of Representatives
Washington, DC 20515

Dear Representative Coffman:

On behalf of the over 1.1 million members of the National Association of REALTORS®, I applaud your efforts to develop and introduce legislation that would establish First-Time Homebuyer Accounts. NAR believes that, if enacted, these accounts could provide a significant vehicle to assist those who very much would like to join the ranks of homeowners but who have been unable to save enough for the all-important down payment.

The Great Recession created huge problems for America's residential real estate market, and a great deal of financial difficulty for millions of homeowners. While this situation has greatly improved over the past several years, one of the more heartbreaking remnants of the crisis is the fact that many would-be homebuyers are still finding it very difficult or impossible to access the cash necessary for a down payment on a first home. This has been a contributing reason why our Nation's homeownership rate has fallen to the lowest level since 1967, and also why the percentage of first-time homebuyers plummeted to about 32 percent of all buyers last year. These facts cloud what might otherwise be the dawn of an again-healthy housing market.

Modeled on the very popular education savings account concept, your proposal would allow first-time homebuyers to contribute as much as \$14,000 per year (double this amount in the case of married taxpayers filing a joint return) to a First-Time Homebuyer Account. Balances in such accounts would be allowed to grow tax free. Once the amount needed for the home purchase is reached, withdrawals from such accounts could be made without tax consequence so long as the proceeds are used as to purchase, settle, or obtain financing for the main residence of a first-time homebuyer.

It is also important to note that the First-Time Homebuyer Account could be used not only to help the prospective buyer of a first home save for the down payment, but also could be utilized by parents, grandparents, or other relatives or friends to help contribute toward the down payment needed. Thus, the flexibility of the Account could speed up the process of saving for the down payment and accelerate homeownership.

The first-time home affordability issue is a multi-faceted problem that will require many different solutions. NAR's members appreciate your initiative in putting forth a bold yet reasonable proposal that should attract support from your colleagues as well as the targeted population of those who need the kind of assistance this legislation offers.

Again, thank you for your leadership on this important issue. NAR looks forward to working with you and your colleagues on other answers to the thorny problem of saving for a down payment on a first home.

Sincerely,



Tom Salomone
2016 President, National Association of REALTORS®

