



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

500 New Jersey Avenue, N.W.
Washington, DC 20001-2020
202.383.1194 Fax 202.383.7580
www.realtors.org/governmentaffairs

Thomas M. Stevens, CRB, CRS, GRI
President

Dale A. Stinton
EVP/CEO

GOVERNMENT AFFAIRS
Jerry Giovaniello, Senior Vice President
Walter J. Witek, Jr., Vice President

May 23, 2006

Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

Dear Representative:

On behalf of the more than one million members of the NATIONAL ASSOCIATION OF REALTORS®, I am writing to ask for your support of H.R. 5121, the "Expanding American Homeownership Act of 2006". This legislation will empower FHA and facilitate the dream of homeownership for many deserving families. FHA's (Federal Housing Administration) single-family mortgage insurance program is a valuable government program that has proved highly beneficial in helping low-, moderate-, and middle-income people achieve the dream of homeownership. H.R. 5121 will reform FHA to make it a viable product for families today and in the future.

H.R.5121 provides homebuyers alternatives to risky loan products that are currently being promoted to satisfy the homeownership needs of underserved borrowers. In today's market, interest rates are low, home prices are rising, and lenders have expanded their pool of tools to offer borrowers. However, many borrowers are being enticed by "specialty" mortgages which can pose severe burdens on consumers who may be unable to afford the increased mortgage payment in the future. If FHA is enhanced to conform to today's mortgage environment, many borrowers would have a viable alternative to these risky products.

FHA is currently is not a useful product in many areas of the country because its maximum mortgage limits are restrictive. We support the provisions under H.R. 5121 that increase FHA's high-cost loan limits from \$362,790 to the 2006 conforming loan limit of \$417,000 and the FHA base limit from \$200,160 to \$271,050. Increasing the FHA loan limits will stimulate homebuying opportunities in all segments of the country and provide an important benefit to thousands of average income families seeking to purchase modest homes.

We also support provisions under the bill that eliminate the statutory 3-percent minimum downpayment provide FHA flexibility to offer varying downpayment terms to different borrowers, allow FHA to feature risk-based pricing of its mortgage products, and increase the term of the loan up to 40 years.

We believe this is good, sound legislation that helps revitalize the FHA single-family mortgage insurance program and provides homeownership opportunities to thousands of underserved families nationwide. The NATIONAL ASSOCIATION OF REALTORS® urges your support of H.R. 5121, the "Expanding American Homeownership Act of 2006" which will provide our nation's homebuyers a safe deal at a fair price.

Sincerely,

A handwritten signature in black ink that reads 'T. Stevens'.

Thomas M. Stevens, CRB, CRS, GRI
2006 President, National Association of REALTORS®