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August 14, 2017

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The Honorable Sean Patrick Maloney
1027 Longworth House Office Building
U.S. House of Representatives
Washington, DC 20515

Dear Representative Maloney:

On behalf of the over 1.2 million members of the National Association of REALTORS®, I applaud your efforts to develop legislation to increase the amount that first-time homebuyers can withdraw from their individual retirement plans without penalty from the current-law level of \$10,000 to \$25,000. We believe that, if enacted, this provision would be a significant step that would assist Americans struggling to amass enough resources for the down payment of their all-important first home.

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 in 2016 was at a 50-year low and why the number of first-time homebuyers is coming off an all-time low.

Many Americans save for their retirement by utilizing individual retirement plans, such as IRAs. The tax law governing these plans has long recognized that a first-time home purchase is also a worthy use of long-term savings dollars and exempts distributions of up to \$10,000 from the early withdrawal penalty for such purchases. However, this provision has been in place for many years and, because of inflation, the \$10,000 threshold is not as valuable as it once was. Your proposal to increase this threshold to \$25,000 and index it for future inflation makes a great deal of sense and would assist many Americans with the problem of coming up with the down payment needed.

It is also important to note that the provision you would enhance can be used not only to help the owner of an IRA to purchase a first home, but also can be utilized by others to help provide down payment money to a child, grandchild, or parent of the account owner. Thus, the flexibility of this provision can multiply the number of people who can be assisted by the change you are championing.

The first-time home affordability issue is a multi-faceted problem that will require many different solutions. I appreciate your willingness to start with a common-sense adjustment that few will likely find objectionable.

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,

William E. Brown
2017 President, National Association of REALTORS®



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