



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

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The Honorable Harry Reid
United States Senate
522 Hart Senate Office Building
Washington, DC 20510

Dear Senator Reid:

The 1.2 million members of the National Association of REALTORS® urge support of S. 896, the “Helping Families Save Their Homes Act” introduced by Senator Dodd (D-CT), and urge strong opposition to amendment 1018 offered by Senator Vitter (R-LA) which would severely alter the primary role of FHA.

S. 896 includes a number of much-needed provisions to limit foreclosures and keep families in their homes. The bill will expand loan modifications by providing a safe harbor for mortgage servicers who conduct loan modifications in good faith. The bill reforms the Hope for Homeowners program, preserving benefits to homeowners while limiting risks to the FHA fund and the taxpayer. The bill also strengthens oversight of FHA-approved lenders to protect the FHA fund and taxpayers from fraud and abuse.

The need for the FHA has never been more apparent. FHA mortgage insurance is expected to reach 40% of the home mortgage market this year. Without FHA many financially-able Americans would not be able to achieve their dream of affordable, safe, sustainable homeownership.

Amendment 1018 would change the primary responsibility of FHA, and suspend its programs should the program’s solvency be threatened. We strongly oppose this amendment for many reasons.

- The purpose of FHA is to provide access to safe, affordable mortgage financing. Amendment 1018 would make the primary responsibility of FHA to “safeguard and preserve the solvency” of FHA.
- FHA is fully supported by the borrowers who use its mortgage insurance, and has never required a federal appropriation.
- Despite recent news reports, FHA remains strong. Its early default rate is at .6%, which is lower than recent years. Its claims rate continues to be 1-2%, similar to historic trends. Its default rate has risen slightly to 7%, but that is to be expected given the decline in home prices.
- FHA has never participated in exotic mortgages or risky subprime schemes. FHA has solid underwriting, as evidenced by the improved credit-worthiness of its borrowers.
- The universal and consistent availability of FHA loan products is the principal hallmark of the program that has made mortgage insurance available to individuals regardless of their racial, ethnic, or social characteristics during periods of economic prosperity *and* economic depression.

NAR thanks the Senate for its action on S. 896, and strongly supports this legislation. Amendment 1018 puts homeownership at risk for millions of responsible families. We ask you to support FHA and safe, affordable mortgage lending by opposing the amendment.

Sincerely,

Charles McMillan, CIPS, GRI
2009 President, National Association of REALTORS®

