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April 1, 2019

The Honorable Maxine Waters
Chairwoman
House Financial Services Committee
2221 Rayburn House Office Building
Washington, DC 20515

The Honorable Patrick McHenry
Ranking Member
House Financial Services Committee
2004 Rayburn House Office Building
Washington, DC 20515

Dear Chairwoman Waters and Ranking Member McHenry:

Nearly 20 percent of the U.S. population lives in rural areas or small towns. The programs of the Rural Housing Service of the U.S. Department of Agriculture provide critical options for housing in rural communities. Through the Section 515, 521 and 538 rental housing programs, USDA tries to bridge the gap, however rental housing is in short supply in rural America. This makes the 502 home loan programs even more valuable to rural families. The National Association of REALTORS® strongly supports the Rural Housing Service, and urges Congress to help make its program as robust and efficient as possible.

Section 502 loans (both direct and guaranteed) can be used to build, repair, renovate, or relocate homes, or to purchase and prepare sites, including providing water and sewage facilities. They may also be used to refinance debts when necessary to avoid losing a home or when required to make necessary rehabilitation of a house affordable. In FY 2017, the USDA obligated more than 130,000 guaranteed loans, and more than 7,000 direct loans. These programs provided critical access to housing for low-income rural families.

Several years ago, Congress provided authority for 502 guaranteed loans to have delegated lender authority similar to FHA and the VA home loan guarantee programs. This would allow certified lenders to approve loans without USDA staff approval. However, this authority has yet to be implemented, and USDA staff must approve every loan. During the government shutdown, all USDA loans were stopped. Unlike FHA and VA loan guarantees, that were still able to operate, USDA did not close a single loan from December 21-January 23. This shutdown impacted thousands of families. Families who need to sell in order to move were unable to do so. For some, the opportunity to purchase a home was lost, as sellers moved onto buyers who could close on time. The domino effect when one borrower can't purchase their home impacts a number of families (the buyer, the seller, and the home the seller was going to move into, the home the buyer was expected to vacate, and so on). We urge USDA to quickly enact the authority Congress provided them to prevent these issues in the future, and create better government efficiencies in these mortgage programs.

The role the Rural Housing Service plays in its eligible communities is paramount. Other loan programs – like FHA and VA- do not adequately service these areas, which often have special needs and infrastructure that differs from program norms. Without these programs, families would not have access to affordable housing options. We strongly support the Rural Housing Service and the importance of these programs to rural communities.

Sincerely,

John Smaby
2019 President, National Association of REALTORS®



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