

September 13, 2007

The Honorable Richard Shelby  
Senate Committee on Banking, Housing & Urban Affairs  
110 Hart Senate Office Building  
Washington, DC 20510

Dear Ranking Member Shelby:

The undersigned organizations are writing to urge your support for reform of the Federal Housing Administration (FHA). Consumers who are in the market to purchase or refinance a home are finding there are fewer financing options available to them. A reformed FHA mortgage insurance program can provide safe and affordable mortgage products to millions of Americans, and provide stability to the mortgage markets.

The need for FHA reform has become urgent. President Bush has joined with a bipartisan group of lawmakers who are calling for this legislation. At a press conference on August 31, the President said, "I've made this a top priority to help homeowners navigate these financial challenges, so that as many families as possible can stay in their homes...It would be a good task for Congress to come and get FHA modernization done so that we can help these people refinance their homes, so more people can stay in their homes. I look forward to signing a bill as quickly as possible."

We urge the Committee to quickly markup and report an FHA reform bill. FHA is a critical national mortgage insurance program that is available to all markets at all times. As subprime loans reset and real estate markets are no longer experiencing double digit appreciation, FHA reform legislation would:

- Provide greater stability to a broader segment of the mortgage market by increasing FHA loan limits,
- Simplify downpayment and maximum loan-to-value calculations to assist first-time buyers, as well as refinancing borrowers who may have ample "paid-in" equity but whose homes have declined in value,
- Improve the viability of financing for manufactured housing – the first rung on the homeownership ladder for many families, and
- Make other changes to improve the ability of the FHA to respond to market conditions, provide foreclosure prevention counseling and improve the management of the program.

With the substantial tightening in the availability of mortgage credit, quick action on FHA reform legislation is needed to support home buyers now locked out of the market and borrowers who need to refinance adjustable rate loans.

Sincerely,

Bank of America  
Countrywide Financial Corporation  
Housing Policy Council, The Financial Services Roundtable  
JP Morgan Chase  
Lenders One/ National Alliance of Independent Mortgage Bankers  
Manufactured Housing Association for Regulatory Reform  
Manufactured Housing Institute  
Mortgage Bankers Association  
National Association of Home Builders  
National Association of Local Housing Finance Agencies  
National Association of REALTORS®  
U.S. Conference of Mayors  
Wells Fargo & Company

*Cc: Senate Leadership*