



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

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April 15, 2008

The Honorable Barney Frank
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Frank:

On behalf of the 1.3 million members of the National Association of REALTORS®, thank you for holding this hearing on “Financial Literacy and Education: The Effectiveness of Governmental and Private Sector Initiatives.” The National Association of REALTORS® knows all too well the importance and benefits of financial literacy programs and initiatives. Financial literacy programs are opening the door of economic opportunity for millions of Americans and providing them the tools to purchase a home. Frankly, financial literacy and education is the first step to economic wealth, financial independence and avoiding future costly financial decisions.

Created in 2002, NAR's Housing Opportunity Program helps REALTORS® and REALTORS® associations identify, develop, and advocate for programs, products, and resources that expand housing availability and ensure an adequate supply of housing opportunities in both the rental and homeownership market.

Today, many state and local REALTORS® associations have developed and sponsor financial literacy programs. For example:

- In 2004, the number one legislative priority of the Mississippi Association of REALTORS® included a bill requiring Mississippi secondary schools to include financial literacy education as part of their curricula. Thanks in part to the REALTORS® support, this bill became law.
- Both The California Association of REALTORS® and The Arizona Association of REALTORS® have sponsored the HomeWords program for a number of years. HomeWords programs educate high school students on financial literacy and the value of homeownership. Through this program, thousands of high school students have been had the opportunity to learn important financial lessons.
- The Illinois Association of REALTORS® sponsors www.creditpower.org. This website (available in English or Spanish) helps children and young adults practice making good financial decisions. The site uses animated characters and real-life scenarios to help kids understand the financial implications of decisions they may make.

The National Association of REALTORS® has also worked to foster financial literacy among consumers. Over the past several years, NAR has partnered with the Center for Responsible Lending,

NeighborWorks® America, and the Federal Housing Administration (FHA) to develop a series of consumer brochures entitled “Understanding Today's Mortgages.” This series of publications continues to grow, and currently includes:

- **How to Avoid Predatory Lending - Published in 2005, this brochure is designed to** help consumer learn the warning signs of predatory loans and how to shop for a fair and affordable mortgage.
- **Specialty (Nontraditional) Mortgages: What are the Risks and Advantages? – Also published in 2005, this brochure helps** prospective buyers make decisions on the kind of home financing that is best for their circumstances. The risks and advantages of interest-only, negative amortization, payment option ARM, and 40-year mortgages are each discussed.
- **Traditional Mortgages: Understanding Your Options -** This brochure explains traditional fixed-rate mortgages and adjustable-rate mortgages (ARMs) which continue to be excellent options for most consumers.
- **Learn About FHA Mortgages -** This brochure outlines recent changes to FHA mortgage insurance program, how to qualify for an FHA mortgage, and other resources available from FHA, HUD, and NAR.
- **How to Avoid Foreclosures and Keep Your Home – Our newest addition, this** brochure will help consumers understand their options and give tips on how to avoid losing your home — regardless of what kind of mortgage you have.

It is often said that educated consumers are the best customers. This could not be more true when it comes to homeownership and housing opportunity. The National Association of REALTORS® thanks you for holding this hearing and stands ready to work with you on financial literacy initiatives.

Sincerely,

A handwritten signature in black ink that reads "Richard F. Gaylord". The signature is written in a cursive style with a large initial "R" and "G".

Richard F. Gaylord, CIPS, CRB, CRS, GRI
2008 President, National Association of REALTORS®