



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

500 New Jersey Avenue, N.W.
Washington, DC 20001-2020
202.383.1194 Fax 202.383.7580
www.realtors.org/governmentaffairs

Vicki Cox Golder
CRB
President

Dale A. Stinton
CAE, CPA, CMA, RCE
Chief Executive Officer

GOVERNMENT AFFAIRS DIVISION
Jerry Giovaniello, Senior Vice President
Gary Weaver, Vice President
Joe Ventrone, Vice President
Jamie Gregory, Deputy Chief Lobbyist

March 24, 2010

The Honorable Patty Murray
United States Senate
173 Russell Senate Office Building
Washington, DC 20510

Dear Chairwoman Murray:

The National Association of REALTORS® applauds the Federal Housing Administration (FHA)'s single family mortgage insurance program for continuing to serve the needs of hardworking American families who wish to purchase a home in these difficult and trying times. Without the FHA, the path to homeownership would be at a complete standstill and our nation's economy would not be on the road to recovery. FHA was created to serve the needs of all homebuyers in all markets under all conditions. Given the limitations of the private mortgage market in today's economic environment, the FHA has stepped forward to successfully fill a tremendous void in mortgage financing. Due to solid underwriting requirements and responsible lending practices, FHA has avoided the brunt of defaults and foreclosures affecting the private mortgage lending industry.

Today, FHA borrowers' credit profile has never been stronger. A recent Federal Reserve report shows that *FHA is not the new subprime lender - its FICO scores have increased, and its Loan-to-Value ratios (LTVs) have decreased.* Although their capital reserves have declined, this can be explained in large part by the unprecedented declines in housing prices coupled with rising unemployment that this nation has experienced in the last few years. Many borrowers are underwater on the value of their homes, and many families have members who have lost jobs. These two factors lead to increased defaults. No reasonable level of underwriting standards or equity requirements could have avoided that.

In an effort to replenish the capital reserves, FHA has implemented (and proposed) a number of changes to the program. While we are not convinced that all of these changes are necessary, we generally support FHA's efforts to strengthen the program. We urge caution in making additional changes that will make it hard for credit-worthy borrowers to become homeowners and may have a profound adverse impact on our economic recovery.

The National Association of REALTORS® welcomes the return of the private market, and the corresponding reduction in FHA's market share, as that will indicate a return to a healthy housing market. In the meantime, we remain confident in the role of FHA to provide housing opportunities for responsible borrowers during all market conditions.

Sincerely,

Vicki Cox Golder, CRB
2010 President, National Association of REALTORS®