June 2, 2004

The Honorable Michael Oxley
House Financial Services Committee
2308 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Oxley:

On behalf of the one million members of THE NATIONAL ASSOCIATION OF REALTORS®, we would like to express our support for H.R. 3755, the "Zero Downpayment Act of 2004," which would authorize a zero-downpayment product for FHA borrowers.

THE NATIONAL ASSOCIATION OF REALTORS® has long recognized that the ability to afford a home remains the most challenging hurdle for many homebuyers. We support new programs that reduce home buying costs and help people achieve the American dream of homeownership. Although housing remains strong in our nation's economy and has helped to increase our nation's homeownership rate to a record 68 percent, many deserving American families continue to face obstacles in their quest for the American dream of owning a home. The ability to come up with the downpayment and closing costs remains a challenging hurdle.

H.R. 3755 would require borrowers to meet FHA underwriting criteria, but their downpayment and closing costs could be rolled into the loan. Borrowers would pay a higher upfront premium, have higher monthly premiums for 5 years, be required to attend pre-purchase counseling, and the loans would have an interest rate that is 1/4 percent higher than a traditional FHA loan. This product will greatly expand the reach of the FHA program. With housing prices continuing to rise in many communities, prospective homebuyers may be able to qualify for an FHA loan, but can't accrue the downpayment and closing costs necessary for homeownership. HR 3755 would eliminate this problem, and create a whole new market of buyers who can reach the American dream.

The mission of the FHA program is to meet the homeownership needs of all qualified homebuyers who seek to own a home. Again, we support H.R. 3755, and look forward to working with you to enact legislation in this regard.

Sincerely,

Jerry Giovaniello

Jerry Giovaniello
Sr. Vice President